

FBIS

DAILY REPORT

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MIDDLE EAST RELATIONS GET 'HIGHEST PRIORITY'

FY211450 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 21 Feb 86

[Text] Itamaraty has reported that Foreign Minister Roberto Costa de Abreu Sodre will visit the Middle East this year to strengthen Brazilian relations with the countries of that region. Itamaraty explained that the trip will mark a new stage in Brazilian relations with that region, thus giving it highest priority in Brazilian foreign policy. Brazil defends the creation of a Palestinian state and advocates the withdrawal of foreign troops from the occupied Arab territories. Itamaraty spokesman Rui Nogueira also said that the Brazilian Foreign Ministry is not aware of a message from U.S. President Ronald Reagan asking Brazil to take a moderate stand during the upcoming Cartagena Group meeting. The meeting will be held on 26 February in Uruguay, and Brazil will be represented by Foreign Minister Abreu Sodre.

JOINT STAFF CHIEF REAFFIRMS CONTADORA POLICY

PY240210 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Feb 86 p 7

[By Helio Contreiras]

[Excerpts] Admiral Jose Maria do Amaral Oliveira, chief of the Armed Forces Joint Staff (EMFA), has dismissed the possibility of Brazil militarily supporting any interventionist policy in Central America, and affirmed that Brazil defends a negotiated solution to the problems in that Latin American region. The admiral, who tomorrow will meet with U.S. Under Secretary of Defense for Policy Fred Ikle, recalled the historic affinities between the United States and Brazil, and said that discussion of Brazil's participation in a Central American peacekeeping force is not on the agenda. Admiral Amaral Oliveira said that "the government, through Itamaraty, has already clearly expressed the Brazilian position regarding the problems in Central America, and there is nothing further to discuss. The Brazilian position is to support the Contadora Group action and the self-determination of the countries in the region. So, I do not see any reason for thinking about a peacekeeping force for Central America."

LA PAZ REQUESTS RESTRICTIONS ON ILLEGAL ENTRY

PY211815 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 21 Feb 86

[Text] The Bolivian Foreign Ministry has requested the Brazilian Government to take restrictive measures to prevent the illegal entry of Brazilians into Pando Department. According to reports, Brazilians are illegally prospecting for gold, rubber, and chestnuts. The La Paz government also protested the restrictions imposed by the Brazilian Consulate in Pando on the entry of Bolivian citizens into Rio Branco, capital of Acre State.

FORMER COMMUNIST LAWMAKER TORO INDICTED

PY200232 Santiago Radio Chilena in Spanish 2200 GMT 19 Feb 86

[Excerpt] After being questioned by Judge Marcos Libedinsky, former communist lawmaker Alejandro Toro was indicted on charges leveled by the government. The Interior Ministry has charged Toro and two other political leaders with violating the internal security law. The two other political leaders are Democratic Intransigence Movement President Manuel Sanhueza, who is the president of the Group of Constitutional Studies, and Christian Democratic Party Youth President Andres Palma. Sanhueza was released after being questioned by Judge Marco Aurelio Perales. Palma was ordered arrested after being questioned by Judge Sergio Mery. He is being held, although not incommunicado, at the Capuchinos Prison.

Alejandro Toro, who arrived at the court building at 0930 today, talked to reporters about the charges leveled against him.

[Begin Toro recording] These charges fit into what the regime has been doing; that is, persecuting people because of their ideas and curtailing freedom of expression. I am very calm and in no way surprised. The people against whom the charges were leveled have only conveyed the feelings of more than 10 million Chileans. If the situation continues like this, this court building will be too small, because the government will have to level charges against more than 10 million Chileans who demand freedom and democracy now. [end recording]

3 SHUTTLE BUSES BURNED IN SANTIAGO TERMINAL

PY222007 Madrid EFE in Spanish 1827 GMT 22 Feb 86

[Text] Santiago, 22 Feb (EFE) -- Three shuttle buses were set on fire last night in Santiago during an assault carried out by about 20 youths. Some of perpetrators wore ski masks and carried weapons. The assault occurred in the shuttle bus terminal which has a stand for drivers and a service station. According to police the attackers used Molotov cocktails to set the three shuttle buses on fire. They also fired at another bus arriving at the terminal and exploded a low power bomb at the hut causing minor damage. The youths also stole 100,000 pesos (\$500) from the service station.

FAC FIGHTER INTERCEPTS U.S. PLANE NEAR PANAMA

PA210438 Madrid EFE in Spanish 0412 GMT 21 Feb 86

[Text] Bogota, 20 Feb (EFE) -- A Colombian Armed Forces (FAC) fighter plane intercepted today a U.S. Navy plane in Colombian airspace near the border with Panama.

A spokesman for the Administrative Department of Civil Aeronautics reported that the presence of an unidentified plane was detected over Colombian territorial waters on the Choco coast, an area that borders with Panama.

The same source added that the FAC fighter plane was dispatched immediately to investigate the presence of the plane and reported that the intruder plane belonged to the U.S. Navy and that it was on an undisclosed search mission. Once the situation was clarified, the "Navy" plane continued its flight plan and the Colombian plane returned to its base.

Information regarding the exact location of the incident and the characteristics of the planes involved were not disclosed. [Paris AFP in Spanish at 0416 GMT on 21 Feb 86 in a similar report adds that the U.S. plane intercepted was an Electra.]

BAKER DEBT PLAN VIEWED AS 'GAINING MOMENTUM'

PA212235 Bogota EL SIGLO in Spanish 16 Feb 86 p 4

[Article by Antonio Copello Faccini]

[Excerpts] In the Seoul conference, the U.S. secretary of the Treasury introduced a document that from its very origin was baptized as the Baker plan. The skeptics and the pessimists were immediately heard to comment that the plan was "totally inadequate and insufficient" when compared to the magnitude of the problem. Today, almost 6 months after Mr Baker's speech, when new events have drawn people's attention to the problem of the foreign debt, no one has doubts about the timeliness of the Baker plan or the reciprocal advantages that both the industrialized and the debtor countries will derive from the satisfactory implementation of the plan.

Since the Baker plan is an unprecedented initiative in the international financial field and in the area of foreign aid, the very first thing to do is to clear the path for it and to figure out a way to make it a reality.

Private banks are considering geographically distributed "consultation groups" as the best mechanism to agree on participation of various institutions in the implementation of the Baker plan and the countries to be favored by it. "Consultation groups" were successfully tried out 30 years ago when they contributed to the coordination of multilateral efforts to promote the development of India and Pakistan, and again in Colombia in 1962. Once again, they appear to be the best tool to prevent such a praiseworthy initiative as the Baker plan from being drowned in the sea of international bureaucracy. Thus, overcoming the initial difficulties, the most serious one being the skepticism of those who were going to benefit most directly from it, the Baker plan is gaining momentum. The Colombian minister of finance sincerely acknowledged this fact on 7 February, during a conference held in New York, when he said: "The Baker plan, in most of its points, is a valuable political contribution for advancement in the right direction, although it is obvious that we still need to look more carefully into the magnitude of the resources and terms of financing that it requires."

BOMBS SCATTERED AT EMBASSIES, APRA OFFICES

PY221812 Lima LA REPUBLICA in Spanish 22 Feb 86 pp 2, 3, 4

[Text] In open defiance of the state of emergency decreed by the government, terrorist groups last night attacked seven embassies, three offices of the American Popular Revolutionary Alliance [APRA], and the office of the National Planning Institute. This new subversive escalation occurred the night before the traditional celebration of APRA Fraternity Day, which is also the anniversary of [Party founder] Victor Haya de la Torre's birth. No one was injured, but official estimates say that the damage totals millions of intis.

The attacks started shortly after 2200 last night, 3 hours before the beginning of the curfew imposed by the Armed Forces. A huge police mobilization followed the attacks, and the streets of Lima were the scene of violent shoot-outs. However, most members of the subversive groups succeeded in escaping, except for a San Marcos University student who was arrested after attacking the APRA office in Magdalena District. Meanwhile in Ayacucho, subversives dynamited an as yet undetermined point on the high-tension power line which provides that departmental capital and the town of Huanta with electric power.

As 2205 here in Lima, four individuals in a white Toyota without license plates threw a dynamite stick against the main building of the U.S. Embassy, located in Garcilaso de la Vega Street. The subversives' car drove past the embassy at high speed. The bomb fell on the sidewalk beside the security pillars in front of the embassy. There was not much damage, but the attack led to the immediate reaction of the Civil Guard, Investigative Police [PIP], and Republican Guard personnel guarding the embassy and the nearby Civic Center, Sheraton Hotel, and PIP Homicide Division.

An intense shoot-out was followed by the frantic pursuit of the subversives. The subversives, however, had time to throw other bombs at the Argentine and Spanish Embassies, and then they fled speedily toward Arequipa Avenue. At the Spanish Embassy, located in the front block of Republica de Chile Street, a dynamite charge destroyed the carved wooden door. Only a few seconds later, another explosion occurred in one of the gardens beside the Argentine Embassy, located in front of the first block of Arequipa Avenue. The dynamite explosion only destroyed a few ornamental bushes and windows. The subversives disappeared before the arrival of numerous police units.

At the same time, another subversive group attacked the EPC Embassy in the 42d block of Arequipa Avenue. The attackers surprised the policemen on guard at the main gate and three dynamite sticks against the side of the building and the door facing Teruel Street. The explosion completely destroyed one leaf of the wooden and glass door. The shock wave of the dynamite explosion hit nearby houses, causing panic among the residents.

Another attack was aimed at the PRC Embassy, located in [words indistinct], Miraflores. The same car used in the attacks on the other embassies was used. The subversives also exploded a dynamite charge at the PRC XINHUA News Agency offices, located in the rear of the same building. The Indian Embassy, located on San Ignacio de Loyola Street, and that of Great Britain, located between Natalio Sanchez Street and Arequipa Avenue, also were attacked by the subversives. In both cases, there was only small damage.

At the APRA office in the 11th bloc of Independencia Avenue, Magdalena District, there was almost a great tragedy. At 2215 last night, about 50 APRA members were gathered in the party office, celebrating Fraternity Day. A lean young man then came running and placed a dynamite charge at a side door of the house. The violent explosion destroyed the door and there was panic, but two policemen patrolling near the party office arrived at the scene. The terrorist desperately tried to run away, but the policemen ordered him to stop and then shot him when he would not, wounding him in the right leg. After he was arrested and handed over to the PIP Antiterrorism Directorate, the subversive was identified as Jose Antonio Camacho, 20, a student at San Marcos University.

Another APRA office was attacked with dynamite on Titipacani Street in the [name indistinct] urbanization project. Unknown individuals placed a bomb at the door of the office, which was empty at the time. The explosion destroyed the door and the windows. The attack causing the most damage was against the main office of the National Planning Institute at the corner of Giron (Acobamba) and Guzman Blanco Avenues, near the U.S. Embassy. A powerful dynamite charge placed at the door of the nine-story building blew a great hole in the roof of the cellar. The explosion destroyed the big wooden door, and some glass and aluminum windows. Several nearby houses were also damaged by the explosion.

Shining Path Blamed

PY230117 Madrid EFE in Spanish 0051 GMT 23 Feb 86

[Text] Lima, 22 Feb (EFE) -- Peruvian War Minister General Jorge Flores Torres said today that last night attacks against embassies and APRA [American Popular Revolutionary Alliance] offices in Lima were the work of the Maoist Shining Path organization, not of ultrarightist groups. The minister said that members of terrorist cells were arrested in dragnets conducted by the police and that these people are now being interrogated. General Flores Torres added that the state of emergency and the curfew in Lima and El Callao will remain in force for 60 days, and that last night's violent acts were carried out by the Shining Path for propaganda purposes. Although the attacks perpetrated last night were quite spectacular, the curfew hours will not be extended, said the war minister.

Security Tightened

PY230507 Buenos Aires TELAM in Spanish 0132 GMT 23 Feb 86

[Excerpt] Lima, 22 Feb (TELAM-ANSA) -- The Armed Forces today ordered their troops to exert further control over the inhabitants of the capital and the port of El Callao after the violent subversive attacks unleashed by the Shining Path in the last few hours. The troops patrolled the most populous neighborhoods of Lima this afternoon in armored vehicles to prevent any attacks by the urban guerrillas.

War Minister General Jorge Flores said that President Alan Garcia's administration, which imposed the state of emergency and a curfew on Lima 2 weeks ago, is studying new security measures to stop the wave of subversion. It was not necessary for the Shining Path to claim responsibility for the attacks that occurred last night and this morning because great bonfires in the shape of the hammer and sickle burned on nearby hills "signing" their attacks.

Police and military deployments were carried out this afternoon in the Lima suburbs where it is suspected that the guerrilla commandos responsible for unleashing this wave of sabotage are hiding. A police source reported that a rebel commando set fire to an office of the APRA Party in the La Victoria District, and that an unspecified number of people were arrested in the last few hours.

Garcia Promises 'All-Out War'

PY230024 Madrid EFE in Spanish 2332 GMT 22 Feb 86

[Text] Lima, 22 Feb (EFE) -- President Alan Garcia today said that the attacks perpetrated by "those who cowardly and anonymously act in the dark will neither intimidate us nor make us retreat." Garcia spoke today in the city of Trujillo, 570 km north of Lima, to mark APRA Brotherhood Day. Garcia referred to the attacks launched last night against foreign embassies and APRA offices in Lima, Trujillo, and in other Peruvian cities.

Garcia said these attacks were perpetrated because the APRA is proving that it is possible to carry out a revolution in democracy. Garcia added that his government will not return "brutality for brutality, or blood for blood," despite the "insane violence" unleashed by the Maoist Shining Path terrorists. Garcia said: We will fight terrorism with the law. Yet, we will wage an all-out war.

Garcia said that "To attack the APRA is to attack the people and the fatherland itself, because to attack a government elected by the people is to attack the people." On APRA's Brotherhood Day, APRA members recall the birthday of the party's founder, Victor Raul Haya de la Torre, who died in August 1979. Garcia headed a pilgrimage to Haya de la Torre's tomb in Trujillo, which is also Haya's birthplace.

APRA secretary general Senator Armando Villanueva has lamented the fact that the attacks that took place last night were "magnified," because in his opinion, they represent "second-hand violence which has a gratuitous and propaganda-like incentive from some news media." Villanueva criticized the "uproar made by some news media to make propaganda for terrorism." He said that the situation is magnified when it is said "that some APRA offices were blown up, because some bombs exploded somewhere in the area." Villanueva today left for Geneva in his role as Peruvian representative to the UN Human Rights Commission, where he will present a report on the real human rights situation in Peru.

EXPLOSION REPORTED NEAR GARCIA'S PLATFORM

PA230218 Paris AFP in Spanish 0127 GMT 23 Feb 86

[Text] Trujillo, Peru, 22 Feb (AFP) -- A strong explosion was heard tonight 500 meters from the platform on which President Alan Garcia was addressing a crowd which had gathered at the parade square in Trujillo. The president, who was urging the people to realize that his government is waging a revolution in Peru, remained calm and asked his listeners: "I want to know if your consciences are disturbed by an explosion." The large crowd remained in its place and applauded Garcia. The nature of the explosion is yet to be ascertained.

GARCIA SPEECH ADDRESSES TERRORISM, ECONOMY

PY230442 Lima Domestic Service in Spanish 0040 GMT 23 Feb 86

[Address by President Alan Garcia to APRA supporters at the Trujillo Plaza de Armas, marking the 92d anniversary of APRA founder Victor Haya de la Torre's birthday -- live]

[Excerpts] I first want to express my satisfaction at this magnificent assembly that demonstrates the spirit, conscience, conviction, the participation of the Peruvian people in the building of this new democracy with bread and freedom [applause]. The APRA [American Popular Revolutionary Alliance] people of Trujillo, the historic capital of our movement, are here to affirm the value of their brotherhood. Many years after the first battle cry, the people of the APRA are here along with other citizens to reaffirm the value of the APRA brotherhood that was forged in a school of pain and difficulties, a brotherhood that was taught us by a long history in which difficulty, not ease, molded our solidarity and fraternity. This history has taught us that only united, fraternal, and cooperative people can take the magnificent steps toward the destiny and history that Haya de la Torre bequeathed as an imperative mandate for the construction of their revolutionary future. [applause]

This is, countrymen and companeros, an assembly that demonstrates the determination of the people to participate in their democracy. This is proof and testimony of the brotherhood of the companeros and revolutionaries of Peru. Tonight, under the evocation of Haya de la Torre, this is especially true. This is a demonstration of the courageous answer of the party of the people to those who yesterday, hidden by anonymity and the dark of night, placed their bombs to attack the party, the people, and the revolution. The people of Trujillo are gathered here tonight to reject terrorism and barbarism. [applause]

So I must begin, on this night of remembrance and reflection, on this night when it is worth remembering what the APRA movement has been and what the APRA government must do, by saying that party of the Peruvian people is here, the historical party of the multitudes is here, the revolutionary vanguard of the new fatherland is here, the open door of transformation and destiny is here. This movement, which has overcome time and adversity, which has laid the foundation of a lasting brotherhood of the people, will not be shaken by those who stand for homicide, death, and crime. This movement, which for long years has raised its single voice against imperialism, injustice, and exploitation, will not be silenced or intimidated by those who intend to assail the Peruvian people from the shadows. [applause]

[Words indistinct] who threw bombs against the party of the people are attacking the people and history. Those who attack the agents of order of the democratic state are against the people. We have to begin by drawing a line between those who stand for the ideal popular democracy we want to build and those who stand for death, imperialism, and reactionaryism; between those who are in favor of the future and those who are in favor of the past, reactionaryism, and the factors the APRA will eradicate. [applause]

Today, on visiting our party's office, I once again felt the inspiring force of Haya de la Torre from his tomb. As I inspected today the damage inflicted on our house and alma mater, I had before me the old APRA fighters, the old men of Trujillo who years ago rebelled, fought, sacrificed themselves, and shed their blood. I ask the Trujillians of 1932 to be the first soldiers in this struggle for the affirmation of justice and against imperialism, in the struggle of the state of the people to put an end to terrorism and subversion. [applause]

We must think every day about the significance of the APRA movement and APRA brotherhood, about the significance of this hour of trial for the APRA in the government. This is a trying time when we need to muster the best of our movement so that we can demonstrate to all Peruvians why we came to power. We did not come to power to satisfy ambitions and egotism, to satisfy economic appetites or seek historical revanche, but to affirm the revolution Haya de la Torre left us as a mandate. It is about this revolution that I want to talk today with all the APRA companeros, in front of all the people of Peru. I want to talk in a loud voice with our fellow APRA members, to evaluate the path the government has taken and see if it is the right path.

We want to have a resolution in Peru, a profound transformation. Many are asking: What is a revolution? My answer is that revolution is justice and well-being for the majority of the people. I say that revolution is freeing our fatherland from tutelage, from economic colonialism. Revolution is affirming the sovereign capacity of our people and our government so as to assure an autonomous destiny for the fatherland. I say that revolution is freeing ourselves from cultural alienation, from ignorance; shaping the popular conscience into an instrument of government, turning the popular conscience into government.

As Haya de la Torre has taught us, I say that revolution is equivalent to anti-imperialism, democracy, and social justice. From the government, we have initiated with firm steps the revolution of which Haya de la Torre spoke. I came to Trujillo to tell the APRA people, in front of all Peruvians, that I need the support and backing, but fundamentally the conviction, of the APRA people in order to continue leading the way to the revolution Peru requires. [applause] We want to affirm the economic sovereignty of our fatherland. We want the state to join society, thus to form the nation. The state has been marching out of step with society and the Peruvian people, down a path of formality, exploitation, and insensitivity to the problems of the majority. The state has never represented the nation's majority. We want to bring the state and society together, to have an integrated nation that is free, autonomous, and secure. This is the essence of our anti-imperialist nationalism; the interpretation of democracy as a state that is built for all the social sectors, not just for the upper social level. The state must even work for the mothers' clubs that I saw parading today, for the unemployed workers who must have jobs, for the sick who must have hospitals, for those who lack water -- the most democratic of elements -- and must be given water, for those who have no books, school, or security and must be given what they need to take the first step toward social democracy, taking the people away from absolute poverty. This is revolution as we understand it and the way Haya de la Torre taught us.

I now speak as president of Peru to explain to the APRA people the kind of revolution we want and the obstacles we have to overcome to attain it. We want a revolution for social justice, for democratic socialism, for the emancipation from economic colonialism. We will prove that we can attain this without sacrificing the human achievement of freedom and participatory democracy. Others may choose the road of totalitarianism, substituting the exploitation of man for the subordination of man to a powerful state, but we want another kind of revolution, and we will not turn our backs on that revolution, on democracy, on freedom. We will bring the mandate of Haya de la Torre to fruition by distributing wealth but preserving the value of freedom and popular participation so that our people will never again be enslaved by another fate. [applause]

Once we have set our objective, we Peruvians need to unite in a single front that can struggle against the imperialist danger. Our economy has been dominated and governed from the outside; our salaries have been stipulated from the outside; bank interest rates have been established from the outside; the value of our currency has been set from abroad. On 28 July 1985 we recovered the economic sovereignty of our country and began to set our own rules. Never again will the IMF and the banks tell us the road our people must follow. This is the first step of our revolution in Peru, affirming our economic independence. This is the first thing the people must bear in mind.

I want the people, especially youths, to share and transmit these ideas. Neither we nor Haya de la Torre ever wanted to trust the historical destiny to a caudillo or a providential leader, because caudillos and leaders can pass or die. The important thing is for people to be convinced about the road and the doctrine to follow. What will the 14 April triumph be worth if you do not share with the government these ideas and principles? What will the revolution we want to carry out be good for if you do nothing but applaud it, without putting your shoulders to it, without thinking about it, without having feeling for it? What would the historic causes be good for if an occasional leader should die and leave the people behind as a mass without conscience?

This is a cause solidly rooted in the hearts of the people who understand the effort of their government. This is why I came here to talk to you, seriously, humanly, and as a true member of the APRA, so that you can know where we want to take our country, to what destiny; what kind of revolution we want. Once you know this, you will pick up the banners when the front tanks fall. When the men pass away the people will know how to continue with their invincible determination to make history and complete the revolutionary transformation. [applause]

Many things are said in newspapers and on television against us, but they do not have to remind us that our revolution will have to preserve freedom, the right of expression of every Peruvian no matter what his beliefs, even if opposed to us. We will make a national revolution, because we have confidence in the Peruvian people. Had we not had confidence in the ability of the Peruvian people, we would use the state as an instrument of coercion, brooking no opposition. But I, like Haya de la Torre, have faith in the masses' capacity to learn, in the intuition of the multitudes. I am sure that whatever opposition we encounter in the future, the conscience of the people that has already been sensitized will govern the course and destiny of the party's government. [applause]

Let this be quite clear, fellow party members: A profound leftist revolution, an anti-imperialist revolution to demand justice, is not at odds with freedom, with democracy. We are the standard bearers of justice and equality, of democracy and freedom. We are now making an effort to reconcile these possibilities. Some have chosen the path of freedom only: This leads to speculation and injustice. Others have chosen the path of violating liberties to enforce justice but have ended up creating another instrument of domination.

This is why I am talking to the people: We must initiate a different way, one that will be truly democratic. Haya de la Torre had defined this path by saying: We do not want bread without freedom or freedom without bread. The APRA revolution will be one with bread and freedom for all Peruvians of good will. [applause]

From the beginning of this historic process, we as realistic Peruvians became aware of the meaning of this process. In the midst of those limitations and despite them, we must continue seeking the revolutionary goals of our government. We must not lose sight of the objectives of change, and we must overcome the everyday obstacles. This is our objective. This is why I would like to address all of you to ask for political realism in our revolutionary objectives so we do not confuse the APRA revolution with a phrase and minimize our principles in the face of difficulties.

A revolution is a very profound and significant event that should not be lost in exaggerations or hastiness, an event that requires prudence and firm steps toward the future. A well-known international journalist said in reference to a Latin American president and martyr that we cannot Allendesize the revolutionary process in our country. We cannot be hasty and swept away by exaggeration. We are not going to fall into historic imprudence. We are going to move with firm steps, sometime slowly. However, the important thing is to take firm steps toward change, justice, and the future. [applause]

I want to share with you what an international analyst said. We cannot allow the APRA process to become an Allende-style process, because we have to learn the lessons of history: He who does not study the past will repeat its errors in the future. We have to act with prudence and political realism by opening the space for a new society, but we must do so safely so that the effort does not become the sacrifice of only a few days or months but a secure and wide path for the future of our people.

This is why in every struggle in which our government is engaged we reaffirm our desire for change but with prudent realism, moving step by step without falling into rousing speeches, because damagogues who attract and coax the people can prosper on rousing speeches. History is made only by statesmen who are committed to basic principles for change, and this is why I wanted to talk to you tonight.

We began a revolution that extends beyond our borders. We are the first and only country to raise its voice and say no more to the financial conditioning of the foreign debt, no more to high interest loans that govern our country by imposing conditions of impoverishment, no more to loans imposing conditions against national sovereignty. We were practically the financial caboose of the train of large banks and their agent, the IMF. On 28 July, to the amazement of delegations and governments, we said that from now on Peru will govern its economic destiny, that it will no longer hand over all its earnings, that it will give only what Peru decides to give. From that moment the people took charge, and the sovereign government is the one that decides the destiny of the people.

We set up a principle that we will not service the foreign debt with more than 10 percent of our export revenue. In other words, I am paid so much for my work, and I am willing to pay so much toward the debt. This means that for the first time a people, a government stood up on the world financial scene, telling the powerful world financial oligarchy that a people have recovered their will and destiny.

Our position was received with amazement. We were told that we were going to be left alone, but the dawn of a new awareness in Latin America is already here. From this fraternal city of Trujillo I wish to welcome the Argentine Government's decision to limit the payment of its foreign debt to 25 percent of its export revenues. [applause] I also welcome the decision by the distant Government of Nigeria, in Africa, which has also earmarked a percentage of its export revenues to its foreign debt payments.

The time for remaining silent in the face of impositions is coming to an end. This is a time for all people to stand up and break their financial chains, to seek historic freedom and follow the path outlined by Haya de la Torre and the APRA. [applause]

Our decision, which was first regarded as bizarre and which is now being followed by some governments, has thus acquired a historic significance and has transcended our borders. Our first mandate was to break our financial colonialist bondage. Yet, like any struggle and liberation effort, this one entails consequences, dangers, and risks. We have just been told that we will no longer obtain fresh international loans. We have also been told that a bank could perhaps impound our products and exports. We have been told that we could be left alone in the world, against the world. I want to tell the people of Trujillo and Peru at large that these are the costs and risks involved in our decision.

It would be worse, however, to do nothing. It would be worse to stand idly by. Had we not made this decision last year, we would have had to use our entire export revenues, nearly \$3 billion. We would have paid this full amount to our creditor banks. To do this, we would have had to increase prices by more than 300 percent. To do this we would have had to limit the wages and salaries of all Peruvians. To do this, we would have had to make our people much poorer.

We have chosen the path of formulating a new economic policy. Yet everything, this policy included, entails risks and limitations. As citizens and soldiers of today's Peru, it is my duty to tell you the risks and limitations stemming from our actions. Neither I nor your party make up an irresponsible leadership that would callously send our soldiers to their death. We act with political realism.

We have already stated our position. We have already shown the world how we can liberate ourselves from paying the debt. Everyone must, however, be aware that this decision entails hardships and problems. I want every one of you to be aware of this: After making a revolutionary decision against financial imperialism, no one should be discouraged if this decision creates other problems. Let us not be dismayed; on the contrary, let us all move on. This is part of the path we have chosen; this is the cost of freedom; this is the cost of economic independence. [applause]

As an anti-imperialist government, we have initiated our struggle on the foreign front with the debt issue. This, fellow countrymen and party members, is a fundamental issue. It is a key issue for the future of the Americas and our people.

Peru alone owes \$14 billion; the whole of Latin America owes nearly \$400 billion; the entire poor world owes \$800 billion. Therefore, we didn't raise a new flag as an experimental country; we are proud of opening a new historical phase by answering the powerful as equals, by putting an end to slavery, and by opening the doors to a new future. However, we must be careful and aware of the risks this implies. This is the political reality of which I want you to be aware.

You must take the following message to the stores, the party headquarters, to the streets: Every political process has a price. Every political process demands sacrifice. Every revolution makes us endure temporary hardships. However, the important thing is to let history judge this. What would happen if we had not done this? This is the important thing. What would have happened if the APRA party had not come to power? What would have happened if we had not been here now commemorating our brotherhood day with pride, courage, vigor, and enthusiasm? [applause, cheers]

This is why I am now addressing the Trujillo people -- not through a speech, for enthusiastic phrases and speeches have already been made many times -- I am addressing you as the president, as the leader, so that you, in turn, become presidents and leaders yourselves, wherever you are. Political realism means that the process is progressing with all its complexity, overcoming obstacles, sometimes surrendering, but assuring the future and constructing a new state.

In the foreign area, we have also started defining in a different manner our relation to foreign capital. A moment ago I read in the APRA policy book the old speeches of Victor Raul [Haya de la Torre] and his clear anti-imperialistic definition: We must free our country from any sort of colonialism but within a political reality permitting us to understand and assure that world capital and technology are necessary for our country. We need technology and capital. It is not just a matter of opening the doors and allowing them to come without any conditions. The important thing, Victor Haya said, is to know how to treat it, how to invite the capitalist world, technology, and culture to comply with Peruvian laws in order to help develop Peru. Then let us welcome those who come to work in Peru, if they come to comply with the laws and compete with us under equal conditions to assure the increase of our productive wealth.

We will not allow our national history to be tarnished by spurious conditions, making Peru lose its wealth. This is our fundamental and realistic principle. Others prefer speeches, phrases, so they may be applauded for a moment when saying no to the foreign capital, saying: Out with all the foreign companies. This is too easy to say or print. The important thing is to be a statesman with revolutionary, realistic, and pragmatic sense and to be able to obtain new conditions for that capital; to be able to make it clear that such capital is not coming to our country to conquer or to impose on us conditions or colonialism, but that it is coming to a land of free men and a sovereign government to deal on an equal basis. [applause]

This is why in the petroleum industry we have taken a far-reaching step. We found a dramatic picture in this field. We found that for each barrel of oil, the foreign company was earning \$5 clean, net dollars. We found that the foreign company was only paying 41 percent to income taxes. We found that a series of supreme decrees issued by the former government had legally facilitated the non-payment of taxes by the foreign company. The foreign company was not a tax evader, but because of several government decrees it was allowed not to pay taxes.

This is why we set new conditions. We first said: Let us annul that law, which some journalists call the Kuczynski law. Let us put an end to it so that the taxes will not yield 41 but 68 percent in revenues so that Peru will benefit further from its own wealth. Let us put an end to the decrees by which the company was not paying taxes, and let us make it pay all the taxes it did not pay for 4 years. [applause]

Let us also say more: Besides paying more taxes and returning what it did not pay thanks to the former government's decrees and laws, we will tell it that the missed payments must be invested in Peru. If they benefitted in the past, it is now Peru's turn. We need foreign capital. We need to force capital to come to our country. In this case [the oil company] we were in a position to do so and we did. In the next few years, when we will be able to see the conclusions and results, we will force the companies that did not invest in the past to invest in Peru what they did not pay as taxes. This was the principle behind our negotiation and our deal. You are welcome Mr (Hammer), but welcome to deal on an equal basis with a new sovereign state that does not kneel down.

Another company did not accept our conditions. It wanted to maintain the validity of the former situations, decrees and laws. We told it that we favor the coming of foreign capital, but not to come to violate the laws of our new society. As of 26 December, the Peruvian state, the state company Petroperu and the new company Petromar del Peru took over what in the past was the Belco Petroleum deposit. Those who do not accept the laws and decisions of the Peruvian Government and who do not know how to deal with a government that invites, but sets conditions, must leave. Those who may come are those who are willing to accept a sovereign state. Those who live from the past must leave. [applause]

They say that I must end this speech now. They are also saying that there is a bomb under this platform. Well, even if there is a bomb, I will remain here speaking to the Peruvian history and people. [applause]

Other objections can be made through lawyers and accountants to the government's nationalistic policy. However, here you have the open and clear result: before they earned \$5 per barrel, now they will earn less than \$1 per barrel. Before they failed to pay \$1.3 billion, but now they will have to pay. Before they failed to invest in the search for more oil to allow Peru to have its reserves, now they will have to invest up to \$300 million to look for that oil. This is very important, and I need the support and the realistic confidence of the people for the development of a democratic, nationalistic, and revolutionary state. [applause] We were told that new proposals were made to us on the foreign capital treatment. You know that I am speaking to reason, and not emotions.

You know that in Peru there is a great enterprise called Gloria Milk. More than 30 years ago, when milk was produced in Arequipa, there were no refrigerators to bring that milk to Lima or other places. Then a company came, a company then called Carnation. This company installed a plant to can evaporated milk, so that milk could be carried to other places. At that time, the can was considered a blessing, because it allowed the milk to be taken everywhere. But 50 years have passed, and now Arequipa is producing more milk, and 250 million cans are now produced by Gloria Milk. However this can is no longer a blessing, but a damnation. Why? Because one-third of the price of each can of milk is for the can. When a housewife buys a can of milk for 4,800 or 5,000 soles, more than 1,500 coles are paid for the can which then becomes garbage.

We want the Peruvians to buy milk and not cans. We no longer want to buy tin from abroad, because that tinplate is brought from abroad because Peru does not produce it. Then we proposed a nationalistic position. There are those who say that the Gloria Milk must be expropriated, that it must be nationalized. I say what for? To own a useless canning factory? That is not a realistic solution. It would impoverish Peru even more, because Peru will have to continue producing cans. I have said that we are going to put a stop to this and other cases. We have told the new owners of Gloria Milk and the owners of International Nestle, in Switzerland: Messrs president and manager general of Nestle: the president of Peru is calling you to come here and talk man to man.

We want you who have the tin can factories to change, to put in another factory, perhaps of powdered milk, or perhaps of long-life milk. This could help the Arequipa milk reach other places without paying for the can. You who are owners have the obligation of changing your technology. If you do not change this technology, you will have problems. We need to firm up our contract with that enterprise. But we need to establish this contract under these conditions:

The extremists, those who do not know the technical figures, those who are not realistic, they tell me to expropriate the company, to issue a decree so the state will own the tin can factory. But what do we want this factory for? What we want is to get rid of the cans, and that the cost of the new factory be paid by the transnational company that brought the cans to Peru. [applause]

My fellow citizens, this is an example of political reality, because for me it would be very easy to deceive the people, to tell them that I am making a revolution, and now the state is the owner of the can factory. Then some, or perhaps many, will applaud the measure. However, a few days later the cans will continue to arrive and you would ask, what kind of revolution is this, continuing with the same thing done by the foreign companies. We tell them: if you want to remain in Peru, you must produce what Peru needs to change its economic situation. We are not against you being here. What we will not permit is remaining slaves of the cans.

I will give you some statistics. Arequipa Gloria Milk produces 250 million cans, and the cost of all these cans in stores is \$1.5 trillion. But from that \$1.5 trillion, \$5 billion goes to the garbage cans, because they are the price of the cans. This is what we want to change. We want to produce what is called powdered milk so that we won't have to buy it from abroad, to have cheaper transport, and perhaps reach all Peruvians without paying for the can.

Let us now discuss the domestic front, and how we found the country. There has been little production because foreign products entered Peru and smothered the industries. And since there was little production, the prices went higher and higher.

We found a country paralyzed, and a high inflation rate. I wish to say that my closest aide has been our great fellow party member Lucho Alva, who was born here in Turjillo. I truly appreciate Lucho's great loyalty. I have attended well-deserved cocktail parties and dinners given to our party leaders on their birthdays. A few nights ago as I was working in my office I looked at my desk calendar and realized that a fellow APRA member was working with me on his birthday: it was Luis Alva. I want to congratulate him tonight. [applause]

On the domestic front, we found an inflation rate that during the first half of 1985 amounted to 165 percent. During the second half of 1985, we brought it down to 30 percent. We found that the Peruvian currency was losing ground to the U.S. dollar. During the first half of 1985, the Peruvian currency was devaluated by 160 percent. During the second half of 1985, we brought it down to 12 percent. We found that the Peruvian treasury had only \$800 million available. Today, we have \$1.5 billion as a life insurance for our people. These are the tangible results of our economic policy. [applause]

We found that factories were not producing, that there was a flight of capital, that no one was interested in promoting production in Peru. Historically we APRA members have been known for our realism and democracy. APRA is a single front that includes both intellectuals and manual labor. APRA encompasses peasants, workers, the middle class -- the professionals, and the small and medium-sized businessmen and producers. In this effort, the APRA will unite all social forces in the struggle against imperialism. At this time we need our agricultural and industrial sectors to prosper and grow to help the government defend itself against the power of foreign banks and countries. Thus, we are promoting a policy designed to stimulate growth. We have told all Peruvian industrialists and producers that we would help them instead of stimulating the import of foreign products.

When I was inaugurated, there were 1 million Peruvian workers who were earning a minimum salary of 360,000 soles. Today, these workers are earning 700,000 soles, that is, their minimum salary has increased by 100 percent. Although inflation has stood at 35 percent, the workers' purchasing power should be increased so that they can buy clothes, shoes, and food for their children.

We are now facing a third problem. Let me explain. We face the banks and we talk about independence. We are going to increase internal production by creating jobs. We tell industrialists to produce, that we are going to help them. But suddenly a third problem arises: The problem of terrorism, criminality, uncertainty. The kidnappings of important businessmen are apparently designed to create fear among middle-class business sectors to prevent them from working in Peru. The kidnappings are aimed at making many people say that there is no security here, that they have to leave their factories. Sometimes I believe that the kidnappings are carefully planned.

We fight imperialism because we support domestic production. However, if those who are responsible for production are frightened, attacked, and bombed during the nights, they are then being kept from reactivating production. This is the problem. This is why I have come to tell you: we must demonstrate collective courage, fellow citizens, not only the APRA members, but all of us. We must demonstrate our courage collectively in order not to be scared by the explosions at night and to understand that those explosions are really homage to our brotherhood and our anniversary.
[applause]

I tell you, Peruvians, we will not be intimidated by some actions carried out by professional terrorists. Some dynamite sticks or bombs can be planted by a small group. For example, yesterday, a car from which dynamite sticks were hurled drove through the streets of Lima. It was reported today in the newspapers as if some rival army laid siege on Lima. Aren't we doing what those who planted the bombs wanted us to do? This small group, which planted a few bombs last night, knows that the government will use the full force of the law and the Armed Forces to defend democracy. This small group which plants some bombs here and there cannot be presented as a belligerent army.

I am addressing you as a president should, so that we may not make propaganda for a small, desperate group that was defeated last 14 April by the people. [applause] On 14 April, the people defeated the bad rulers, conservative and reactionary sectors as well as those desperate advocates of terror and death. The people decided this not only by voting for the APRA, which received 53 percent of the votes, but also by voting for our good friend and contender Alfonso Barrantes: these were also votes against terrorism and in favor of democracy, and transformation through a new state. I could also say that many of those who voted for other candidates voted for democracy, transformation, historical rectification, but mainly for democracy.

Therefore, Peruvians have massively voiced their belief that a revolution can be carried out with democracy. Peru can be transformed by the popular masses. Peru can be transformed by following the anti-imperialistic path and by teaching the people. A popular revolution can be carried out. Not an elite revolution, not a revolution of a small bomb-throwing group, or a revolution by a new terrorist-controlled sector.

The people said they wanted a new, broad, participatory, fair, and anti-imperialistic democracy. They massively voted for this type of democracy. This is why we must defend ourselves with all the powers of the state from those who have taken the road of terror, because they are terrorized by the APRA and democracy as well as by the people's freedom and by a revolution undertaken in the name of freedom. [applause]

Therefore, I ask and demand that all Peruvians adopt an active and firm position. One is either with the democracy of the people and the nationalistic government for the liberation of Peru, or one is just an instrument of obscure and reactionary forces of terror and death. We cannot respect those who kill others on behalf of their dogmatic totalitarianism. We do not consent with our silence to the action of those who murder and execute workers, because a Civil Guard and a Republican Guard are just poor workers who are earning their living. [applause]

I have seen the expressions of grief and pain at the burials of Civil and Republican Guards. What blame does a poor man who shakes off the yoke of unemployment by working in this manner, risking his life for a miserable salary, lower than the salary many bureaucrats have? How can he deserve such a violent death? What historical responsibility does he have to be murdered so coldbloodedly? What responsibility do our colleagues have to be killed, attacked, or assaulted in many party offices? What is the responsibility of the Peruvian soldier, a man of the peasant community who wears the uniform we should all wear. Why should they be looked at as if they were enemies?

I want to say this on behalf of the anti-imperialist and national state that he who attacks the democratic state today, he who attacks democracy, he who attacks the people's party, attacks the people, and only deserves the repudiation, condemnation, and punishment of the people. [applause]

For this reason we have taken the step of declaring the state of emergency for the city of Lima. Many ask why. Isn't it the truth? That the bombs are planted in the early hours by a small group that seeks such a state of emergency and curfew? I say that all Peruvians should know that we are anti-imperialists, that we fight for justice within the democratic socialism but that we also fight for order and discipline so that democracy be respected and the nation and the people can be defended. We are going to stand up in defense of the people. [applause]

Today I said at the party office: what can a bomb do against a historical monument and a spiritual cause? A bomb cannot do anything. Many people wanted to do things to us, but did not achieve anything. Now the APRA members, the militants, young and old, must be soldiers against this reactionary cause which is terrorism. I am the first soldier to fight against terrorism. I am the first fighter against subversion. I do not approve the killings. I am for the people, and because I am for the people, I am and will be here to put an end to subversion. [applause]

I want to tell you that if there must be a victim for Peru to regain its historical confidence, I can be that victim. Here I am so that future generations will be able to walk on me toward the path of justice. We need such examples every day, examples of risk and opening. I do not go around wearing bulletproof vests. I do not have bodyguards. I walk among the people because I have confidence. Because I have faith in the people, I know that if something happens to me the people will punish and avenge the action. [applause]

I want to ask all of you to join me in this struggle. No revolution has ever tolerated disorder and violence. To those who could use this example, let me say that the Soviet revolution drastically punished those who refused to accept Lenin's rank and revolutionary authority. It had to drastically eradicate extremist groups and outbreaks of will do the same here to institute order, not an order based on arbitrariness or injustice as we had in the past, or one that would be tied to foreign interests as in the past: We will impose an order dictated by the people; one that will be based on justice and will benefit our future, and our children, so that we can build a new society for all Peruvians. [applause]

We the APRA members, the people of Peru, are here to honor Victor Raul. His teaching, his life, and his doctrine have made history. Here are the people of Peru with their faith and love, a people who cannot be defeated by daily adversities, a people who continue to support the government. It would be useless for me to wear the presidential sash and to hold this position if I did not feel the firm support of the Peruvian people for their government. Sometimes in the midst of problems I look to the side as if moved by a touch on the shoulder and then I realize that I am not alone. I find the Peruvian people, the poor people, the young mother, the workers without work. I see them all moving in the direction of history, drawing a picture of life, reproducing the face of Haya de la Torre. I see them all telling me to go ahead, not to retreat, the destiny is written, the path is certain so victory will be ours [applause and shouts], long live Peru, long live APRA, long live Haya de la Torre. [applause and shouts]

DE LA MADRID SPEECH OUTLINES ECONOMIC POLICY

PA220307 Mexico City Domestic Service in Spanish 0100 GMT 22 Feb 86

[Address to the nation by President Miguel de la Madrid in Mexico City -- live]

[Text] Mexicans: Today the national economy is facing one of the harshest challenges of the present century. The world oil market is involved in chaotic competition and a generalized price war. This situation has severely affected many oil-exporting countries, especially those of us who are underdeveloped, and although it may seem to offer immediate advantages to the consumers of this basic source of energy, it also has negative repercussions for industrialized countries. Consequently, we are experiencing a worldwide problem of extraordinary magnitude. Mexico has acted responsibly in the international sphere in order to avoid, through agreements, an extreme worsening of the problem. Internally, we have calmly and objectively evaluated the effects of the situation. The public has been analyzing the situation and better understanding it. We have all perceived that the situation changes so much and so rapidly that uncertainty still prevails, and our prevention capabilities are very limited. Nevertheless, we cannot wait for the scenario to clear before we act decisively.

Today I have called on my fellow patriots to inform them of the government's attitude and actions within the national and international spheres and of what I am asking of Mexicans during this difficult hour of our history. In accordance with current provisions, the lowered price of oil could mean a loss in our estimated income of approximately 3 million pesos, which is equivalent to 12.5 percent of the total public income. On the balance of payments, this means that approximately \$6 billion may fail to enter the country, which is equivalent to a loss of half of the country's income from oil exports, one-third of the value of the country's total exports, and almost the equivalent of the total of non-oil exports. This is the magnitude of the problem we are facing.

This international challenge comes after 3 years of great efforts by the Mexican people to resolve their internal and external problems. In October 1985, when prospects for the oil market seemed to include a gradual deterioration and not a plunge, several policy options for 1986 were analyzed. A strategy was adopted aimed at resuming the economic clean-up process and the effort to defeat inflation with renewed vigor, as well as to intensify structural changes that the country has been demanding in order to resolve its basic problems. Therefore, the adverse turn in the international situation comes within the framework of the 1986 economic program, the severity of which -- prior to the fall of oil prices -- already demanded unprecedented efforts.

The world oil market is in chaos. During the last decade high oil prices encouraged technological changes to replace it with other sources of energy, which reduced the use of hydrocarbons. The capacity to produce oil has proven excessive. The absence of international agreements among the producing countries and the absence of dialogue with consumers have ended in disorder and chaos on the international oil market.

Mexico's persistent and constant efforts during the past 3 years to avoid this situation yielded positive results during the first 2 years, but as of the second half of 1985 they faced the insurmountable problems of lack of understanding and willingness to achieve stability and order on the oil market. This situation is in addition to a generalized tendency of a decline in the prices of the raw materials we export and the difficulties we have had in finding adequate financial flows in volume as well as in interest rates.

In response to this situation, we have been able to achieve sufficient international discussions and cooperation regarding economic affairs, which Mexico has systematically called for at international forums and in bilateral relations.

The international disarray and its unprecedented impact on our domestic situation demand a firm yet calm response. At home and abroad, diverse sectors have suggested that in the face of this problem the government should radically change the course of its economic policy. To those abroad we have pointed out that we will decide how, when, and what our actions will be to face this challenge. We will not allow people abroad to try to impose on us the road to follow, nor will we accept their expert advice on the handling of our affairs or lend ourselves to be pawns of a confrontation which may benefit parties involved in the international conflict.

At home, discussion often centers around the proposal of acting solely on a development tool, that is, public expenditures. Some people are proposing that we make drastic changes so as to compensate totally for the drop in oil revenues. In contrast, others are advising increases in the budget so as to give greater incentive to economic activities. In response to those who are asking us to lower expenditures to compensate completely for the drop in oil revenues, we point out that this action, or any similar action which calls on Mexicans to absorb most of the external imbalance, is not feasible. A budget cut of that size would imply risking our ensured supplies of basic staples and drinking water, suspending the country's communication projects, disregarding just demands in the fields of education and health, and noticeably affecting the work of the country's strategic enterprises. This would be incompatible with running the economic apparatus and satisfying minimum social needs.

At the other extreme, other groups are proposing a reactivation of expenditures to take care of legitimate demands that have not been met and to spearhead the development of economic activities, even at the cost of artificially creating the money needed for this. Out of context, this idea may seem attractive. However, a responsible state must reconcile meeting inescapable needs and its fundamental commitments with the prevailing acute shortage of resources. The reactivation of public expenditures under the current circumstances would cause a problem greater than the one we are trying to resolve.

In view of these proposals, the government of the Republic has decided to maintain the domestic development strategy outlined for 1986 in its fundamental aspects, although in view of the changes that have occurred it will become necessary to introduce tactical adjustments in materials and instruments. The strategy calls for the definition of basic paths in order to pursue our objectives. The tactic to be employed consists of the means and instruments to support the defined strategy. The current domestic strategy is the right one. This is not a comfortable or easy option, as it implies making great decisions, efforts, and sacrifices. However, it is based on reality and offers a feasible course. The only thing that the government of the Republic can responsibly offer is to maintain this strategy.

Domestic economic policy cannot change in its fundamental objectives or outlined strategy. Before and after the oil conflict [choque], the basic problems of our economy remain the same. The additional obstacles we are facing today do not change the nature of these problems. Instead they aggravate them. Consequently, the fundamental objective and strategies cannot change, although we must make flexible use of the diverse instruments of economic policy and seek additional margins of action. We still need to readjust the economy, introducing structural or deep changes to reinforce our capacity for development.

These changes demand that we attack the imbalances between the rural and urban areas, in industry, in public finance, and in the external sector.

Internal structural problems persist, we must maintain the strategy that allows us to combat them effectively. We will maintain decisive actions to put our finances in order, to make the industrial structure more efficient, to normalize excessive protection, to increase the country's capacity to generate foreign currency through the diversification of exports and the promotion of tourism, to advance decisively in the process of decentralization, and to upgrade agricultural, fishery, forestry, and mining production, as well as services; that is, transportation, commerce, the financial system, and, of course, in government itself. In sum, the rational and efficient utilization of our natural resources and the adequate development of our people, through education and health, are indispensable in upgrading the overall efficiency and productivity of the Mexican economic system, which is the fundamental objective of this strategy.

We say that the established strategy remains valid. The major advances we have made show that we are on the right track, although the pace of the results may not please but may even exasperate us at times. Our planning system allows us -- as has been the case -- the flexibility to adjust or correct changes in the face of new developments while keeping to our fundamental objectives.

Regarding the oil conflict, the government will firmly maintain the fundamental objectives it has set for the country's development. My intention is and will continue to be to maintain and reinforce the country's independence in order to build a society under the principles and norms of a lawful state that can guarantee individual and collective freedoms in a general system of democracy and in conditions of social justice. National independence, pluralist democracy, mixed economy, and a free and open society are the demands the Mexican people have made.

In view of the additional difficulties we are facing today, we have as a fundamental asset the Mexican people's strength, the clear path the nation is taking, and everything the Mexicans have achieved since the beginning of our revolution. Our democratic coexistence has grown over the past 3 years. We have governed according to the law, and freedoms have been guaranteed. We have advanced in a renewed federalism which strengthens local governments, and a true and profound municipal reform is in progress. At all times dialogue and negotiation have been the means to the solution of conflicts and differences, which is normal in a pluralist society. The nation has enjoyed 3 years of peace and democratic renewal.

Economically, we have protected and broadened job sources, made substantial improvements in the nation's enterprises, and promoted agricultural production. These actions have prevented the collapse of our productive apparatus and employment and have strengthened the recovery capacity of the nation's economy far beyond our expectations.

Regarding public finances, although we have not fulfilled all our goals, we have achieved a considerable improvement, as proven by the fact that public expenditures have been reduced by more than 10 points in relation to our production, a situation without precedent at an international level in such a short period. Important progress has been made in matters of public income, financing for development has been reoriented on the broader bases of domestic savings and the functioning of the new financial system has been institutionally consolidated. We have advanced to some degree in improving and consolidating public enterprises. We have supported the strategic enterprises in their income policies and have demanded more efficiency and productivity. Others have been submitted to a severe revision process to decide, for priority reasons, if they merit the participation of the state. We have proceeded to liquidate or sell those that are not strategic or priority and which, instead of strengthening, have weakened the state's administration.

We have created a new, legal, and institutional framework of development planning. We have promoted the decentralization process, bringing the government closer to the citizens and increasing the influence of the inhabitants of states and municipalities in actions which concern them. Significant advances have been made in taking care of social rights in the fields of health, nutrition, education, and housing.

We have strengthened the decentralization process for city development by developing medium-sized towns and strengthening their links with their rural surroundings.

We have advanced in the modernization of the distribution and commercialization system, struggling against the excessive participation of intermediaries. As a permanent objective, we struggle against social disparities, even under difficult economic conditions.

Fellow citizens, what I have said proves that the country has great strength because of the strength of its institutions and its capacity to adapt itself to change and face adversity. Mexico is not only oil; oil is a strategic resource that the political wisdom of the Mexican system placed forever under state control. In the past we managed to grow without exporting hydrocarbons and without a massive use of foreign credits. This historical lesson teaches us to make the greatest efforts to grow again on the basis of a diversified economy and financing fundamentally supported by domestic savings. Let us learn again to live with what we have.

We will deepen the strategy I have defined. We will decide on the feasible margins for additional adjustments without affecting priority sectors. The limitations in domestic actions have been defined, with maximum possible protection of the living standards of Mexicans and the need to recover our economic growth and creation of jobs.

Difficult moments like these demand a great effort from everyone. We must take note of our common problems, and we must participate in our respective fields. It is unjust and above all impossible to think that only with internal efforts can we absorb in a short time the negative impact that the international economy is having on our country at this moment. For this reason, we are going to restructure at an international level our financial and commercial relations, even if we know that all our problems will not be solved abroad. We will adopt the internal measures necessary with determination and courage. No one else can help us to solve our current difficulties totally. Foreign negotiation is indispensable, but it cannot replace domestic action to solve basic, important structural problems or incidental ones. Ours is the main responsibility.

In view of the circumstances that I have summarized, and based on considerations that I have explained, the government of the Republic adopts the following guidelines in economic policy matters:

Public expenditures: We will reinforce strict discipline and vigilance in budgetary matters. The Secretariat of Programming and Budget, helped by the Expenditure-Financing Commission, will implement budget adjustment measures when warranted. We will review all budgets by maintaining the most pressing priorities in the programs of each institution and postponing secondary programs. We will review physical objectives to adjust the actions to available resources. We will maintain and reinforce policies aimed at imposing austerity in expenditures and will combat any deviation or waste. We will reinforce control over the growth of bureaucratic personnel. The heads of each area and department will be responsible for the implementation of these measures and, in general, the Secretariat of Programming and Budget and the Secretariat of the Comptroller General of the Federation will be responsible overall.

Structure of the public sector: We will continue to liquidate or sell nonpriority entities to ensure efficient compliance with state responsibilities and a rational administration of development. We will maintain areas specified by the Constitution of the Republic as strategic activities strictly under public control. We will eliminate cases of unjustified state presence to reduce excessive indebtedness and fiscal weakness.

Public revenues: We will maintain a policy of realistic prices and rates to avoid lagging behind inflation through gradual adjustments, but we will continue to insist on improvements in the level of efficiency and productivity of the government and public enterprises. As for taxation, we will redouble collection efforts and will apply the law strictly on delinquent taxpayers [causantes remisos]. At the appropriate time, we will (?present) necessary changes in the taxation structure to better adapt it to the current economic reality through a fiscal tax [carga] that will provide the state with needed resources to carry out the tasks demanded by society, will encourage work, savings, and investment, and will distribute equally contributions of public expenditures. In this task we will make the appropriate consultations with various social sectors.

Credit policy: For the near future we will continue to apply a restricted policy in credit matters. The respective measures must be temporary in nature, and they will decrease as the public deficit drops and inflation is controlled. However, we will continue to satisfy financing needs of those areas with the highest social or economic priority, such as agriculture, housing, and the export and tourism sectors. We will also support small and medium-sized production enterprises that have a capacity to pay off debts and are practical but experiencing liquidity problems.

Interest rate policy: The need to increase and keep national savings in our country is greater than ever. This is why we reiterate our objective of ensuring that collection [captacion] instruments will have realistic performances and the public's savings will be firmly protected. The credit sectors with the most pressing social priority will continue to be favored with preferential interest rates. However, we will review the subsidy involved and reduce it when the current level is no longer justified.

Exchange rate policy: We will continue to apply a flexible exchange rate policy, contributing effectively and permanently to the development of our nonpetroleum exports and the efficient substitution of imports. In determining the controlled exchange rate, we will consider the development of internal and external prices, modifications of exchange terms, the status of various exchanges between currencies of foreign countries, and particularly adjustments on tariff levels.

Commercial policy: We will continue to deepen the review of the protection system through additional developments in tariff policy and by resorting to the minimum of quantitative controls. We will implement new specific actions to promote exports, including the assembly plant industry and border area development. The private sector must promote their exports and have a more balanced scale of foreign currency in the face of an unfavorable evolution of the public sector's surplus. We will continue negotiations to gain admission into GATT to obtain a broad framework from which to promote our commercial relations with other countries. As for interior commerce, we will review the subsidies scheme and price control; we will maintain them for popular products and make them more flexible or eliminate those that are not.

Foreign investments: Basing ourselves on the legal guidelines on this topic, we will step up the process of encouraging investments in areas which contribute to our technological modernization and the strengthening of our export capacity. We will seek particularly to facilitate the investments of small and medium-sized foreign enterprises.

Tourism: We will soon announce a series of measures aimed at making a visit to our country more attractive to and easy for foreign tourists. We will step up promotion campaigns, including measures on aeronautic policy. We will establish and carry out actions together with those offering services to offer a better quality of attention to the domestic and foreign tourist. With these measures we will put our current idle capacity to better use and will continue to promote new investments.

Policy of increasing efficiency and productivity: We will urgently promote all those agreements to be made between the labor sector and business to increase productivity and efficiency of the enterprises and improve hygienic and security conditions. The government will join in this great national task.

However, fellow countrymen, despite the efforts being made internally, we cannot expect the effects of these fiscal, exchange, and trade measures to be enough to counteract, in the short term, the effects of the drop in oil revenue. Consequently, we must renegotiate our foreign debt policy, additional financing, and commercial relations, given the new situation. The proposals to be presented shortly to the international financial community will be within the context of a dialogue and negotiation. We do not seek a confrontation, only a realistic and honorable agreement. We want to continue being serious and respected members of the international community. This attitude gives us the right to objective and fair treatment.

Mexico has been an exceptionally responsible country in its financial relations with foreign countries. It has never resorted to confrontations that favor no one, and it has always rejected unilateral solutions. Today Mexico hopes that this attitude will be noted internationally. We will review the financial conditions of the debt service, adjusting these to the country's payment capacity. The foreign debt policy will have to ensure that the agreements reached with the creditors will not only resolve the problem of short-term liquidity but must also be in accordance with the net requirements of funds for the next few years to allow for the operation of our economic system and the indispensable recovery of our growth capacity and creation of job sources. A permanent stagnation cannot be accepted by Mexico, and it would not be good for the international economy.

The net effect of the loss of oil revenue on the 1986 balance of payment must not be compensated for only by greater foreign indebtedness via the flow of new loans. This would lead us into an unending, vicious cycle. This readjustment also calls for sacrifice on the part of the international creditors, who share responsibility in the process of indebtedness. In the management of our foreign negotiations we must establish that any lasting solution to the problem of the debt calls for the resolution of the following issues:

Adjustment of the debt service to the country's real payment capacity; efficient mechanisms for financing and reduction of its cost; opening of markets that will allow us to export and strengthen our payment and growth capacity; and an appropriate international environment that will enable operational and quick solutions for cooperation in the various areas of the international economy.

Due to the nature and magnitude of the problem, it is impossible to define at this point and without the participation of our creditors a definite system. This system will be established during the talks with the parties involved. These talks will begin next week and will be based on the above-mentioned criteria.

Consequently, we will make an in-depth restatement with regard to the debt service in accordance with the country's payment capacity and taking into consideration the uncertain situation of our oil revenue and the vital interest in keeping our economic system in operation and recovering our growth and job creation capacity. We will not ask the international community to solve all our problems; however, we will ask them to complement the deep and hard internal effort that we, the Mexicans, are making. From these negotiations we expect realism, equality, and absolute respect for our sovereignty.

Mexicans, today is a time for responsibilities, for clear identification with the nation's values and (?intentions); it is a time for courage, serenity in the face of adversity, firmness in the fulfillment of decisions, and unwavering perseverance in the efforts to be put forth. Throughout my mandate I have spoken the truth. I have told the people what can and cannot be done. I have governed with realism, and in accordance with our principles. More than ever I am governing for all Mexicans, for the Mexicans of today and tomorrow. My commitment is indestructible; it is with the peasants, the laborers, the middle class, the businessmen, the intellectuals, the professionals, women, men, and youths. In the face of the hard adversity of our days, we have the support of what we have already done, of the great nation that we, the Mexicans, have built throughout our history. Memories of yesterday's epics provide the strength of our unity and the guarantee of our progress.

I have stressed that I will not change our current domestic policy, although I will know how to adjust our tactics to the new circumstances. In view of the great problem we are facing, our internal effort consists of deepening the strategy for structural change, which we have set out to do and which was outlined in the national development plan for 1983-1988. It now behooves our creditors to make, at the least, an effort equivalent to the great task and sacrifices the Mexican people have endured.

I will not address the huge external challenge which is now threatening us via a reduction in the living standards of Mexican peasants or a downgrading of the real wages of my country's workers. More than ever, today's priority task is to defend the vital interests of the Mexican people. I repeat that I will not make economic concessions which could undermine our national sovereignty. We Mexicans have been imaginative and firm in our formulas to tackle our problems internally.

Without a spirit of confrontation, the international community will now have to share responsibilities and find jointly with us viable solutions from the standpoint of Mexico's vital interests and the harmonious relations that must exist among the various economies of the world.

The initial strategy in 1986, before the collapse of oil prices, already implied an unprecedented effort by Mexico. To seek to counteract the fall of oil revenues solely through greater domestic austerity could affect unacceptably the functioning of Mexico's economy and the standard of living of its inhabitants. Nobody is obliged to do the impossible.

As president of the Republic, I assumed the commitment before the nation to govern so as to preserve and strengthen our national independence; to respect and enforce respect for the legal system that was born from the Mexican revolution; to protect and enhance individual and collective freedoms' to enrich our democratic life in the political, economic, and cultural fields; to seek a fraternal and harmonious coexistence among all Mexicans; and to maintain and strengthen peace in our Republic. This is my commitment. I have fulfilled it during these 3 years, and I will continue to do so. I demand that public servants redouble efforts, bolster loyalty and discipline, and strengthen internal cohesiveness and teamwork. They must do more with less, scrupulously fulfill their programs and budgets, and contribute to eliminating what is not indispensable. The effort to save and produce must be made on a nationwide basis. Today, more than ever, the public sector must set the example. I repeat my commitment to demand honesty, integrity, and efficiency in the handling of the resources which the Mexican people contribute with sacrifices.

I respectfully request from the citizen governors of the states a most resolute cooperation and solidarity with the federation. I ask them to enhance democratic existence, to broaden dialogue with the social sectors, and to use their resources, which have also been reduced now, to meet the basic needs of the inhabitants of their states on a priority basis.

I ask that the workers of my country struggle together with the government of the Republic to protect real wages and to temper their demands in order to protect sources of employment. I also ask that they make an extraordinary effort to increase the productivity of business concerns. I am certain that we will reaffirm the agreement that unites the government of the revolution with the organized movement of the workers for the benefit of the nation.

I urge Mexico's peasants to make a maximum effort -- which they have always done during difficult times in history -- to produce the foodstuffs required by our country. During these trying times, not a single hectare must go untilled, and those who are producing must substantially increase their productivity. We have confidence in their solidarity and capacity to act.

I also demand from businessmen extraordinary efforts to increase exports and tourism. I ask that they add their capacity to innovate their productivity to that of the workers in order to protect the interests of consumers, that they enter, with talent and determination, new markets in the world, and that they help preserve and expand sources of employment. I urge them during these times of national emergency to make a greater effort, a much greater effort, to reinvest earnings, to use their production capacity, and to fulfill their obligations to the nation. I particularly beseech them to make use of their talent to undertake and not only to conserve. I ask them to meet most scrupulously their obligations to labor and the treasury. The one who has more is obliged to give more.

I ask that the middle classes renew their spirit and admit that the decrease in their living standards has been the result of an unprecedented crisis which the government of the Mexican revolution has combatted harshly in order to prevent its worsening. However, their dynamism and their efforts are required to overcome it.

I hereby urge low income groups in the cities to expand their already vast contribution to the improvement of their communities and environment and to achieve a standard of living that will be more worthy of them and their families.

I call on Mexican women to increase their role in the great national tasks we face today. I ask the youths of my country to devote their vitality and idealism to overcoming our current problems and to assume fully their responsibility in the task of charting and building a better future for the nation. I urge political parties to continue their democratic work, to reinforce our liberties and to put the interests of the nation above their private and party strategies at this critical moment. In the face of this unprecedented effort that the republic is demanding of all of its citizens, I offer to maintain, as my sole guide and purpose, the defense of national integrity and respect for the law, to maintain our liberties, and to protect social rights. Let us deepen our national renovation. These are times for decisive actions. Let us put aside our quarrels, and let us join together to find a solution to the serious problem we are facing.

I convoke the nation to participate together to defend the basic principles that we, the Mexicans, have upheld throughout our history. No one can remain outside the serious battle we are waging. In the face of this challenge, all sectors of society have a commitment: to take their place in the battle for the homeland. For my part, I confirm my personal, moral, and political commitment to serve the nation with no limits but my capacity and no interest but the interest of the homeland that we must all love today more than ever.

Long live Mexico! [people answer: Long live!] [applause]

PRESIDENT SAYS ECONOMIC PROBLEMS REQUIRE CHANGE

FL212158 Mexico City NOTIMEX in Spanish 2050 GMT 21 Feb 86

[Text] Mexico City, 21 Feb (NOTIMEX) -- Mexican President Miguel de la Madrid said that to confront economic difficulties, the Mexican Government will revise its systems, methods, strategies, and tactics to achieve the necessary changes. During the closing ceremony of the 43d Assembly of the National Confederation of the Popular Organizations (CNOP), the chief executive said the Mexican people will not resign themselves to stagnation, regidness in dogmas, ideas, systems, or foreign work systems.

The president said: We will continue to be faithful to the principles of the Mexican revolution and we are open to the change and dynamics required by the country. De la Madrid stressed that a vigorous, ambitious people does not resign itself to stagnation because the Mexican revolution promotes the integral development of the nation. He added that in the PRI the majority peasant, worker, and people's sectors have the task of harmonizing interests that sustain the political scene, the pillars for conserving the nation's unity and force. The president of the Republic added that the majority groups' unity has been the instrument for construction and development of the Mexican revolution, particularly during difficult economic times.

OFFICIALS ASSERT COUNTRY MAY NEED MORE CREDIT

FL220316 Mexico City NOTIMEX in Spanish 0250 GMT 22 Feb 86

[Text] Mexico City, 21 Feb (NOTIMEX) -- Financial officials admitted today that it is possible that Mexico may need additional foreign credit this year totalling between 5 and 7 billion pesos to meet its commitments and needs. Even though currently there is a need for contracting only \$2 billion of the \$4.1 billion approved by congress this year, it is likely that Mexico will require additional financing to confront the current situation, which has been aggravated by falling oil prices.

The official said that Mexico's financial recovery is absolutely indispensable since the country cannot afford the luxury of not developing this year. They expressed their confidence that the response of the foreign banks will be favorable. The situation needs to be carefully studied said the financial officials, to determine if Mexico's financial support will come only from large and medium-sized banks or if small banks will be included, which would total the involvement of 500 institutions.

BISHOP SALAZAR DENIES CHURCH SEEKS POWER

PA210423 Mexico City UNOMASUNO in Spanish 19 Feb 96 p 3

[Text] Bishop Enrique Salazar said yesterday that the country would be disgraced if the church were to take power on its own or hide behind the acronym of some political party. "National and world history tell us that this should not happen," he pointed out.

Meanwhile, Raul Vidales, a representative of Liberation Theology in Mexico, said that the church is one of the institutions that has favored the flight of capital, "capital amassed with the alms of a humble people dying of hunger." Salazar, coordinator of the Guadeloupan Studies Center, denied that the church is seeking Mexico's political and economic power, and that it is linked with nation's most reactionary interests. "Let them prove this; I admire Fidel Velazquez, he is a man that has done a great deal of good for the country, but what he says is not true," he pointed out.

Vidales, also an investigator at the Mexican International Institute of Higher Studies said that the Catholic Church in Mexico has strong economic interest along with the oligarchies in Monterrey, Chihuahua, Sonora, Guadalajara, Puebla, and San Luis Potosi, among others. He said that most of the churches have become supermarkets of rites, where the sacraments are sold to the highest bidder. He explained that the income collected through alms and donations are not controlled by the Finance Secretariat, and that a large part of this money goes to the Vatican, as well as to international banks, and a small part remains for private investments in supermarket chains, industries, and tourist resorts.

Vidales said that for some time now the ecclesiastic hierarchy has been involved in politics and exerts power in that field through the wealthy and conservative sectors of the country.

Msgr Salazar said that the church seeks the services of men and that the priests' main function should be their ministry to God. "If a priest is a good minister he has no reason to get involved in politics and divide men."

Nevertheless, he said that is unfair for current legislation to discriminate against priests, and consider them foreigners in their own country.

Recognition of the clergy's citizens rights, he said, does not mean that the church must participate in politics and seek power because such actions rather discredit and corrupt it; "we would no longer serve as we should, and here the phrase 'mind your own business' is valid," he said. Vidales said that the Mexican State does not have many reasons to limit the church's participation, because the church has been the most politically active sector in the country's history. "With strong ties with the most reactionary sectors, the ecclesiastic hierarchy is politically active on a permanent basis, especially in the northern part of the country," he added.

DELVALLE ON RECONSIDERING APPROVAL OF NEW U.S. ENVOY

PA220034 Panama City ACAN in Spanish 2350 GMT 21 Feb 86

[Text] Panama, 21 Feb (ACAN-EFE) -- President Eric Arturo Delvalle said today that it "is possible" that the approval granted to Arthur Davis, the new ambassador designated by the United States to this country, will be reconsidered.

Delvalle added that "anything is possible;" the U.S. diplomat may even be declared "persona non grata," after his statements last Wednesday before a Senate subcommittee for Western Hemisphere Affairs.

Arthur Davis said that the United States must "warn" the Panamanian Government that it "must not continue" the "arbitrary" arrests, such as that of a prestigious columnist of the opposition newspaper LA PRENSA in this capital last Tuesday. Davis also said, according to this newspaper, that the "murder of citizens" must end in Panama, and "they (the Panamanian Government) must be made to see that the civilians must govern the military," a situation which, he said, is not fulfilled in Panama.

This afternoon, Delvalle told the press, after closing a meeting of Panamanian industrialists, that his government "will make prompt decisions" and that the present U.S. ambassador, Everett Briggs, has already been asked to "clarify the situation and been told that we want an exact transcript of Mr Davis' statements to be able to evaluate them properly."

Briggs met this morning with Panamanian Foreign Minister Jorge Abadia Arias to discuss the issue, but the U.S. Embassy has not reported the outcome of the meeting. Meanwhile, Abadia said today that he would avoid "speculating over what we may or may not do until we have the official report that was requested of Ambassador Briggs."

"Any speculation could be harmful and totally out of place at this time," the foreign minister added.

The Democratic Revolutionary Party (PRD), the official party, described Davis' statements, known so far only through the local press, as "incredible."

Abadia Summons U.S. Ambassador

PA211809 Panama City Circuito RPC Television in Spanish 1730 GMT 21 Feb 86

[Text] Foreign Minister Jorge Abadia has urgently summoned U.S. Ambassador Everett Briggs to give an official explanation of the statement by the new ambassador to Panama, Arthur Davis. This official request is for the purpose of taking whatever steps are necessary at the highest level between the two governments to preserve our dignity as a country and our absolute determination that the Panamanian affairs will be handled exclusively by Panamanians.

[Begin Abadia recording] The Foreign Ministry and the Panamanian Government and people will not accept that type of meddling and once the official communication, the official transcript of what Mr Davis said, arrives the Foreign Ministry reserves the right to publicly state the government's stand. We believe and hope that this has been an erroneous interpretation by the newspapers of what Mr Davis is claimed to have said.
[end recording]

Legislators Criticize Statements

PA210309 Panama City Televisora Nacional in Spanish 0000 GMT 21 Feb 86

[Text] Legislator Luis Gomez strongly criticized the statements made by the person who will be the new U.S. ambassador to Panama. Legislator Gomez said:

[Begin recording] It is difficult [to understand] that only a few days before this new ambassador replaces Briggs, he is already stating what his position will be. It is as if he feels that he is going to Puerto Rico or Grenada. We do believe that this situation must find a united Panamanian people and a government and popular movement ready for a defense, because this is truly a situation for concern at a time when Central America is seeking a solution and when some sectors are attempting to undermine Contadora to create an environment of war and instability in the area. [end recording]

Meanwhile, Pedro Brin Martinez, president of the foreign relations committee of the National Assembly, said:

[Begin recording] I believe that Ambassador Davis has not understood that the Latin American countries are independent. In the face of Ambassador Davis' statements we must react negatively, especially since there are only a few years left before we remove the last colonialist stake from the Panama Canal. He has not understood that we, as a sovereign and free country, have the right to self-determination, our own government, our constitution, and our laws. All that he has stated, especially the Spadafora and human rights issues, are issues that have been handled here within the Constitution and laws of the country. [end recording]

TROOPS REPORTEDLY PLACED ON 'NATIONWIDE ALERT'

PA222148 Panama City EL SIGLO in Spanish 22 Feb 86 p 1

[Text] Although the military has not confirmed it, it was reported that the Panama Defense Forces command ordered the G-3 to place all troops on a nationwide alert yesterday afternoon. The order apparently came from Colonel Elias Castillo's office. The reason for adopting this drastic measure is not known. Our reporters attempted in vain to obtain more information on the reported alert.

DUVALIER'S ARRIVAL SAID UNDER NEGOTIATION

PA211433 Panama City EXTRA in Spanish 21 Feb 86 p 5

[From the "People and News" column]

[Text] If Baby Doc Duvalier comes to Panama he might live in a residence located in the community of Pinas, Colon. The Cortiza family already sold that property near the beach and it is known that his arrival in Panama is being negotiated.

COSTA RICAARIAS' CONTRA REMARKS DRAW VARIOUS REACTIONS

PA222349 Panama City ACAN in Spanish 1915 GMT 22 Feb 86

[By Wilfredo Chacon S.]

[Text] San Jose, 22 Feb (ACAN-EFE) -- According to a spokesman for the next Costa Rican president, President-elect Oscar Arias has not condemned, much less criticized, the U.S. Government or Ronald Reagan personally.

In a U.S. television interview this week Arias referred to the support given to the "contras" and said that if he were President Reagan "he would give those funds in economic aid to Guatemala, Honduras, El Salvador, and Costa Rica."

"I don't think President Reagan can have what he wants with that money" Arias noted and added: "On the contrary, the result of the aid to anti-Sandinist rebels until now has been a more dictatorial and totalitarian government in Nicaragua."

Former Deputy Foreign Minister Jorge Urbina, Arias' delegate to the recent Contadora Group meeting, denied that the future chief of state had intended to criticize Reagan. Urbina said that the remarks, which are being analyzed from various points of view, must be placed within the framework of a general policy that results in peace for Central America. Not only must the aid to anti-Sandinists be suspended, but also Cuban aid to Nicaragua and the cooperation that Managua gives to the guerrillas in El Salvador, Urbina noted interpreting Arias' opinion. No other politician has supported the president-elect and Luis Alberto Monge, the president of the Republic, was very cautious in responding to the press about the situation created by Arias' remarks.

"I will not comment for the time being because I don't want it believed that there is a conflict with the president who will succeed me on 8 May," Monge stated.

The opposition, represented by the Social Christian Unity Party (PUSC), which lost the recent elections to Arias' social democratic National Liberation Party (PLN), has not missed the chance "to exploit this for its own gain." PUSC official spokesman Christian Tattenbach backed Arias in "not lending the territory" to the Nicaraguan rebels, but not the objections made to Reagan's policy toward Nicaragua. He told ACAN-EFE: "We do not have to agree or disagree with Reagan" on the problem between Washington and Managua.

Another Arias critic was former Foreign Minister Bernd Niehaus of the main opposition party who noted that prior to the 2 February election, the candidate had said that he favored U.S. aid to the anti-Sandinists. "He has now changed his opinion," he stressed.

Arias has maintained that the only way to achieve peace in Central America is through negotiations in which "the Latin Americans must force the Sandinist government to participate."

ARIAS PLANS TO VISIT REGIONAL COUNTRIES

PA210407 San Jose Radio Reloj in Spanish 0100 GMT 21 Feb 86

[Text] Costa Rican President-elect Oscar Arias Sanchez has stated that he has accepted an invitation to travel to Venezuela on 2 or 3 March.

He added that Venezuelan President Jaime Lusinchi offered to send his personal plane for him, and since this is a 2-day visit, he accepted. Moreover, he said that on the way back he will visit Colombia to meet with President Belisario Betancur.

The president-elect's trip to Central America will take place in March, but so far the dates have not been fixed, as he stated. Arias noted that the meeting with the presidents of the region to discuss very important topics will take place upon his return from Venezuela. However, he did not give further details on the matter.

Moreover, the future president has said that by next week he will have chosen the entire Cabinet. So far, there are a few names that have not been decided on yet, and so he needs to think about that a little longer.

CIVIL GUARD ON ALERT DUE TO EPS-CONTRA CLASHES

PA220520 San Jose Radio Impacto in Spanish 1830 GMT 21 Feb 86

[Text] Colonel Miguel Ortiz, Rural Assistance Guard regional director of the northern zone, reported that there were violent armed clashes last night, close to Costa Rican territory, between rebels and Sandinist soldiers.

Shots from various caliber firearms, including mortars and rocket launchers, could be heard not too far from Golfito de Puerto Viejo, in Sarapiquí. The clashes continued this morning, and we could hear the shots from our territory although the clashes are taking place in Nicaraguan territory, Col Ortiz said.

Some wounded fighters were turned over to the Costa Rican Red Cross and taken immediately to San Carlos Hospital. According to reports, 12 are in serious condition, and there are many more casualties.

The Costa Rican Rural Assistance Guard and Civil Guard have been placed on a state of alert.

EL SALVADOR

POLICE KILL AIR FORCE COMMANDER BUSTILLO'S SON

PA231905 Paris AFP in Spanish 1828 GMT 23 Feb 86

[Text] San Salvador, 23 Feb (AFP) -- Military sources have announced that Ivan Benjamin Bustillo, a son of the commander of the Salvadoran Air Force, was riddled with bullets by a police unit in this capital's southwest last night.

The Press Committee of the Armed Forces (COPREFA) has reported that the youngest son of General Rafael Bustillo accidentally fired his weapon, creating confusion among the police agents who immediately fired back, killing him.

Ivan Benjamin was travelling in his private vehicle when he approached the police post near Jesus Simeon Canas University, according to reports.

The body of the young Bustillo was identified this morning in the Military Hospital by judicial authorities who found his body riddled with bullets.

ARMED FORCES ROUNDUP OF MILITARY SITUATION

PA210313 San Salvador Radio Cadena YSU in Spanish 1800 GMT 20 Feb 86

[Text] Today, leading military sources have reported on the country's military situation in the past few days. According to information released to the press, the guerrillas do not stand much chance of success and have instead resorted to sabotaging both the energy system and phone booths in various areas of the country. The bulletin said that 12 people were killed and 63 wounded by mines in 1984; in 1985, 53 were killed and 175 wounded; 10 have been killed and 37 have been wounded so far this year. All of these victims were civilians. In addition, one more person was killed and another was wounded by the explosion of a mine.

According to the military source, guerrillas have kidnapped 27 civilians and sabotaged traffic twice so far this year. During the first traffic stoppage of 1986, from 16-21 January, guerrillas destroyed at least seven vehicles and destroyed [as heard] three. In all, 16 vehicles were sabotaged. During the second stoppage, from 31 January to 8 February, 22 vehicles were destroyed.

It has also been reported that measures to protect coffee and cotton pickers and sugarcane cutters were taken in various places of the national territory.

Major operations in January were also reported. According to the Armed Forces, 10 operations have been carried out in January and another is in progress. The most important is "Phoenix," which began on 9 January in the Guazapa Hill area. Other operations occurred in Cinquera and Tenancingo, and the so-called "Carlos" operation north of the Torola River in Morazan Department. The 2d Infantry Brigade and the 2d military zone undertook operations to protect coffee pickers. Airborne operations took place in El Paisnal, Guadalupe, Cinquera, La Ringlera, and La Quimera, the latter two in the south of Usulután Department, near Jucuarán, while the Cinquera operation occurred in Cabanas and the El Paisnal operation took place in San Salvador Department.

The Armed Forces have suffered 26 dead, including a cadet and a member of the civilian defense, so far this year. Two hundred and fourteen have been wounded, and nine have been reported missing, most of them in Chalatenango Department.

A detailed report of the casualties suffered by the five organizations that form the FMLN's General Command has been given. The People's Liberation Forces have suffered 71 dead, 16 wounded, 331 captured -- described by the Armed Forces as rescued -- and 16 have defected. The People's Revolutionary Army suffered 42 dead. The Armed Forces of Liberation, FAL, has suffered 17 dead, 16 wounded, and 51 captured. The National Resistance suffered 14 dead. The Revolutionary Party of Central American Workers, PRTC, suffered three dead and eight captured. The total number of casualties inflicted on the guerrillas so far in 1986 is 147 dead. It has also been reported that the Armed Forces have lost 41 weapons in various clashes in various places in the national territory. As for weapons seized from the rebels, the report indicates 175, including an 81-mm mortar, six M-60 machineguns, G-3 and M-16 rifles, and ammunition of various calibers.

Operations have continued in various departments, such as in western San Salvador Department.

Also, the Acajutla industrial complex in Sonsonate is being protected. Operations are taking place in Aguafria and Aguacaliente in the north of Chalatenango Department. The 1st Infantry Brigade is carrying out actions in San Pablo Tacachico and El Paisnal, similar to the ones carried out in the north of San Salvador Department. Still another operation is taking place in San Jose Guayabal. This one was started on Sunday as part of what has been called the fourth stage of the counterinsurgency "Phoenix" operation, initiated on 9 January. Actions have also continued in San Vicente, Jucuaran, and Santiago de Maria, where the national Navy battalion also operates.

An infantry brigade unit operates in Ciudad Barrios, San Luis de la Reina, and other conflicting sectors of the area. It has also been said that the guerrillas have between 5,000 and 6,000 armed men in various places of the country who are mobilized from one place to another. Defections have also been mentioned. According to the military bulletin, it has been difficult to convince Marxist-Leninists in the FMLN with psychological efforts.

The general staff has issued instructions to not leave the ground mined. Mines have been left planted near hydroelectric plants and military garrisons to prevent rebels from approaching. Civilians, however, are well aware of this fact, and this prevents accidental deaths. The Armed Forces already have special units to deactivate mines. Military sources have reported a number of casualties in the country because of this effort. A few days ago, heavy bombing occurred in El Salitre and Los Lirios cantons, near San Jose Guayabal. Military officers have said that the strong explosions heard from a distance are due to the many mines that had been planted and detonated by the 500-lb bombs dropped.

It has also been reported that 461 rank-and-file members of the guerrillas have been turned over to humanitarian organizations, such as the (?Red Cross), their relatives, and the Catholic Church. Some of those detained in San Marcos Lempa have disclosed information that will help military intelligence disable guerrillas, mainly in San Marcos Lempa, [names indistinct], and other nearby villages where a strong guerrilla contingent has been operating recently.

According to today's report, 65 percent of the members of the Salvadoran Armed Forces are engaged in defensive operations throughout the national territory, while the remaining 35 percent are carrying out offensive operations in various areas. This in fact limits the Armed Forces' movement to some extent, yet actions are taken to try to disable the guerrillas.

The Salvadoran Air Force's bombings are executed according to instructions issued by President Jose Napoleon Duarte last year, especially taking into consideration a military unit's request for air support against the guerrillas and the detection of a concentration of rebels at a specific point. This is then studied by the Armed Forces staff, which determines whether air support is really needed.

This has been the report that high military sources released today for the news media, both local and international.

FARABUNDO MARTI REPORTS U.S. 'ADVISER' KILLED

PA211507 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 2300 GMT
16 Feb 86

[Text] Attention, Salvadoran people. Reports reaching Radio Farabundo Marti indicate that on Saturday, 15 February, U.S. Captain Peter (White Lucen) was shot to death in a sector near the national zoo of the national capital.

Reports received also indicate that the above-mentioned Yankee militaryman was accompanied by two officers of the Salvadoran Army at the time of his execution [adjusticiamiento]. This Yankee adviser, the reports added, lived in our country, and, according to the documents found on him, he was a Navy captain. However, unofficial reports released by various media identified him as a possible U.S. Embassy military adviser. In our coming broadcasts we will expand on this information.

FARABUNDO MARTI CRITICIZES REAGAN GRENADA TRIP

PA211414 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 2300 GMT
20 Feb 86

[Excerpts] Today, 20 February, the President of the imperialist United States (Government arrived in the island of Grenada, with the same arrogance with which the Yankee Marines invaded that country in October 1983. The visit by the most cynical, deceitful, and aggressive President the United States has ever had is the biggest insult the people of Grenada can suffer. Currently in Grenada, the [words indistinct] and in official ceremonies the U.S. national anthem is played. In Grenada's buildings and schools built by the revolutionary government of Maurice Bishop, the flag of a foreign nation is now displayed. As Latin Americans, we can only feel indignant over Reagan's visit to Grenada. As Latin Americans, we are confident that the Grenadian people, as all the other peoples of our America, will regain their freedom lost at the hands of... Patagonia, at the hands of Latin America [as heard]. From Rio Bravo to Patagonia. [Latin America] is waking up. The voices and fists of our peoples will be raised heroically to recover our lands and rights. Long live the heroic people of Grenada! Yankee invaders out of Grenada! Long live the Latin American people's anti-imperialist unity!

ORGANIZATIONS MARCH TO PROTEST ECONOMIC MEASURES

PA221448 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 1830 GMT
21 Feb 86

[Text] Approximately 100,000 workers are marching through the streets of San Salvador to protest Duarte's economic measures package against the people. The marchers represent more than 100 labor unions and organizations, including the National Association of Salvadoran Teachers, the General Association of Salvadoran University Students, the UPD [not further identified], the Salvadoran Workers National Union Federation, the National Administration for Telecommunications labor union, (?COATES) [not further identified], Committee of Mothers and Relatives, the Federation of COPADES [not further identified], the Santa Tecla Peasants Union, and many others.

The workers are carrying posters protesting the economic measures that Duarte has imposed under foreign pressure to finance the dirty war against the people. Greetings to all the Salvadoran workers.

HONDURAS

ARMED FORCES ANNOUNCE INTERNAL CHANGES

PA222351 Panama City ACAN in Spanish 1506 GMT 22 Feb 86

[Text] Tegucigalpa, 22 Feb (ACAN-EFE) -- The Honduran Armed Forces today announced several changes in their internal structure as part of a reorganization started by General Humberto Regalado Hernandez, who assumed command of the Army [as received] yesterday.

Colonel Amilcar Castillo Suazo was appointed chief of the Joint General Staff replacing Colonel Efraim Lisandro Gonzalez. By law, Gonzalez was commander of the Armed Forces for 15 days when General Walter Lopez Reyes resigned on 1 February.

The destiny of the former chief of the Joint General Staff together with that of other officers who were replaced, is still unknown.

Thus, Colonel Adalberto Paz Alfaro was appointed paymaster general replacing Air Force General Jose Serra Hernandez.

Colonel Jose Alvarez Flores was appointed Armed Forces auditor general, Lieutenant Colonel Quintin Flores Aucedá was appointed senior officer [official mayor], and Lieutenant Colonel Oscar Fuentes Delgado was appointed Armed Forces aide-de-camp.

NICARAGUA

PRESIDENT ORTEGA DELIVERS 'ANNUAL REPORT'

PA220111 Managua Domestic Service in Spanish 1627 GMT 21 Feb 86

["Annual Report" to the National Assembly presented by President Daniel Ortega at the National Assembly's Heroes and Martyrs building in Managua -- live]

[Text] Upon greeting the beginning of this second period of National Constituent Assembly sessions, we recall that 52 years ago, on 21 February 1934, President Ronald Reagan's forefathers ordered the murder of Augusto Cesar Sandino.

Since then, until 19 July 1979, the Yankees, Somoza, and the Higher Council of Private Enterprise [COSEP] imposed their democratic, capitalist, free enterprise system on the Nicaraguan people. The Yankees, Somoza, and COSEP at that time owned Nicaragua's wealth, and they learned to democratically distribute the booty among themselves. The Yankees, Somoza, and COSEP murdered peasants, workers, students, women, the elderly, and children, making themselves increasingly wealthy with the blood and sweat of the people, while the national guard defended the exploiters' interests.

The Yankees, Somoza, and COSEP distributed the land among themselves and exploited the peasants, just as the conquistadors did. In this manner, 36 percent of the arable land was in the hands of 3,000 landowners, which made them the owners of 2,920,000 manzanas, while 17 percent of the land, or 1,411,000 manzanas, were distributed among thousands of small owners in plots of 10 to 50 manzanas and, at times, even less than 10 manzanas.

The Yankees, Somoza, and COSEP established a democratic regime that denied the people an education. Fifty-three percent of the people could not read or write, and seventy percent were potential illiterates. The Yankees, Somoza, and COSEP denied the people health, and polio and other diseases took the lives of thousands of children yearly. The Yankees, Somoza, and COSEP became wealthy at the expense of the poor Nicaraguans' need for housing. They denied the people access to the media, and they denied them the right to organize.

This was the dictatorship of the capitalists and the parties of the wealthy, the only parties that could govern in order to defend the interests of the wealthy. At that time, the Army was populated by ignorants and (?brutes) who defended the exploiters' political, economic, and ideological interests. This is what they described as representative democracy.

They were financed by Washington. Bankers and international organizations also financed them because they were encouraged by Washington to provide financial aid to Somoza and COSEP. Arms and advisers also arrived from the United States to defend the Somozist democracy from the people's brutality.

Those times and that democracy disappeared forever from Nicaraguan history on 19 July 1979 when Sandino, 45 years after being crucified, was resurrected among the rebellious people, and an authentic democracy was established for the first time and forever in the new Nicaragua.

Democracy and people's power, not the power of the wealthy; this is true democracy, the power of the workers, peasants, and laborers, also allowing minorities to participate. This is true democracy; pluralistic, at the service of the workers, the democracy that has been established and institutionalized in Nicaragua with the triumph of the Sandinist people's revolution.

If democracy is here to serve the people, then wealth must be distributed with justice. This is why I have always given the peasants the land, affecting the lands of the state and the big landowners who own more than 500 manzanas, reducing the landowners' possessions from 2,600 to 1,000 [manzanas] and increasing by thousands [of manzanas] the land of the individual small and medium producers as well as cooperatives, which now own 57 percent of the country's land.

To this we add 19 percent of the land used for state institutions, which gives a total of 76 percent of the land equitably distributed, 24 percent in the hands of 3,000 landowners in plots of 200 to 500 manzanas, and 1,000 landowners in plots of more than 500 manzanas.

If democracy is here to serve the people, it must be expressed in education, health, culture, and sports. The elections held in November 1984 would be worth nothing if they were not accompanied by deep economic, social, and cultural benefits for the working people.

I present my report on the 1985-1986 government effort with the certainty that the greatest effort has been made with minimum resources, with increasing awareness and organization of the state apparatus. We cannot ignore the deficiencies we still face, as well as the mistakes we have made. Therefore, this report must find fault with an effort that has been permanently subject to the critical vigilance of the organized people, emphasizing the fact that popular vigilance should be carried out with a greater participation of the masses in the state's mission. The workers earn this authority by being efficient and disciplined in their work.

The worldwide economy has been facing a deep crisis. Latin America has been one of the most affected areas in the Third World. Its gross internal product per inhabitant in 1985 was below 9 percent of that of 1980. It was below the levels reported in 1977. Inflation rose to 328 percent in 1985, the value of exports dropped to 6 percent, and the deterioration of exchange rates was 3 percent, an accumulated rate of 16 percent during the 1980-1985 5 year period. The foreign debt of \$368 billion must be corrected because in 1985 the region exported capital totalling \$30 billion to developed countries and international banks.

During the (?1981)-1985 period, net transference of resources totalled \$106 billion. The Central American countries have experienced greater deterioration, also the product of military and political tension promoted by the Reagan administration. Per capita income is at the same level as 15 years ago.

Nicaragua has suffered more than other countries because the systematic aggression by the U.S. Government has also affected its economic infrastructure and foreign trade.

Economic policy in 1985 was based on sustaining our direct and indirect defense needs, and fighting off inflationary tendencies through the fulfillment of a program of material production and basic investment services adjusted to the limited sources available. The disorders created by the war of aggression have caused serious economic troubles, with the additional aggravation of the international crisis.

The disorders imposed by the war of aggression have forced us into a true survival policy, which has affected the constant growth of social services, but it has helped us to better regulate and control the concepts that linked national reconstruction to long-term economic development plans. With this protection, the following corrective measures were established in February 1985: Prices paid to producers were raised, salaries were readjusted, subsidies were eliminated, losses through devaluation were reduced, and the direct supply of products to workers was guaranteed.

As a result of the trade embargo decreed by Reagan in May, new measures to guarantee self-sufficiency of food and the maintenance of U.S.-made equipment were announced. The effort to make the economy succeed has been affected by the costs imposed by U.S. aggression. The greatest damage to physical installations and production has taken place in areas bordering Honduras and in the coastal areas. Preliminary estimates of production losses and damages in 1985 are \$121 million, or 40 percent of our imports.

Nevertheless, this figure is \$76 million less than the losses of 1984. This means that in 1985 losses caused by the aggression were reduced a little. Of course, this is explained by the degree of development achieved in the revolution's military defense. As an important part of its aggression strategy, the Reagan administration exerted pressure more openly before multilateral credit organizations such as the World Bank and the Inter-American Development Bank in order to block these institutions' loans to Nicaragua, freezing loans already approved in the amount of \$423 million. This means that capital income from multilateral credit sources were reduced to zero in 1985, preventing the payment of \$73 million programmed for farming and agro-industrial projects.

In 1985 commercial aggression also increased with the embargo, representing an approximate cost of \$50 million due to the net effect of the drop in export prices and the increases in import prices. We were forced to look to other countries because of the increased cost of shipping cargo in both directions. All in all, damage to production, infrastructure, and materials caused by the financial and trade aggression in 1985 add up to \$244 million.

The economic costs imposed by the aggression represent a considerable economic burden because it has become necessary to request greater financial aid for the defense budget and the country. In 1985 it was necessary to increase defense expenditures by 38.5 percent of the total budget. We have had to finance the war with internal resources, which has caused great financial disorder. Defense requirements also affect industrial production because we must avert industrial production resources to defense. Nineteen percent of textile production goes to defense; 30 percent of shoe and tannery production, 5 percent of plastics, 8 percent of paper, 20 to 60 percent of construction material production, and 3 to 18 percent of metal-working industry production goes to the revolution's military defense.

The supply of basic products has also been considerably affected, because a large portion of the basic products that the state distributes for internal consumption is set aside for the fighters mobilized in the war zones.

Ten percent of rice, 2 percent of sugar, 6 percent of oil, 8 percent of corn, 3 percent of salt, and 8 percent of beans have been set aside for the fighters.

The aggression's impact on the balance of payments in 1985 was \$108 million, the result of an increase in the trade balance deficit of \$89 million, and a \$19 million deficit in the capital balance.

Production losses due to the effects of the aggression in addition to the financial and trade embargo imposed by the Reagan administration have reduced the entire economic level. The cost (?induced) in the gross internal product in 1985 rose to \$608 million. The imperialist aggression has had serious effects on the Nicaraguan people's standard of living, especially in the war zones such as Regions 1, 5, and 6, and the special zones. A total of 120,324 people have been forced to flee because of the war. Of these 33,000 are already established in 65 settlements. Fifty-five health units in these areas, including a hospital, four health centers, and 50 health stations have been affected by the counterrevolutionaries' activities, harming 250,000 people.

The mercenaries of the Reagan administration have destroyed four rural child centers, three rural children's mess halls, and two offices of the [name indistinct]. They have also looted other installations that provide services to children, affecting 2,222 people including children and elderly.

The terrorists of the Reagan administration have destroyed 48 schools. They have damaged 502 other schools, affecting 60,240 elementary school children and 31,120 students of the adult education program.

In 1985, the total number of victims amounted to 4,770. This included 1,452 dead, 1,863 wounded, and 1,455 kidnapped. The total number of victims between 1980 and January 1986 already amounts to 12,332. These include 3,999 dead, 4,542 wounded, and 3,791 [all figures as heard] kidnapped. Of these figures, 912 are children, 2,193 are youths, and 9,227 are adults and elderly.

If we include the Nicaraguan mercenaries, who, deceived by the imperialist policy, have become casualties of the people's weapons -- which also makes them victims of the U.S. aggression -- the total number of victims amounts to 23,822 people. Of these, 13,930 Nicaraguans have died.

When we see the total number of dead in Nicaragua as a result of the criminal policy of the U.S. Administration and compare the size of our country's population with the U.S. population, we would find that the current number of dead in Nicaragua from the aggression is equivalent to the United States suffering a total of 1.31 million dead.

Amid this situation of aggression, we have promoted agricultural activity. Ninety percent of the planned cultivated area was planted. We all know that there was a heavy drop in the cotton sector. The export products in general show a 9.8 percent reduction in the planted area while there was 0.6 percent in the production of products for domestic consumption, particularly regarding sorghum production.

Regarding coffee, we expect to obtain 1 million quintals of gold coffee. The production of sugar is 921,106 quintals higher than the previous period totalling 5.2 million quintals. There was a production of (?104,102) quintals of sesame. There was a production of 5.9 million boxes of bananas.

We said that the planted area of products for domestic consumption increased 26,700 manzanas compared to the previous period for a total of 547,600 manzanas. This will result in a production of 12.7 million quintals.

In the livestock sector, [number indistinct] head of cattle were slaughtered, and the production of meat was 98.8 million pounds, achieving 95.3 percent of the plans. As we know, meat exports were affected. Domestic consumption increased, but the meat exports decreased. There was a slaughter of 286,000 pigs, which produced 19.5 million pounds [of pork]. The production of poultry meat was 22.6 million, and egg production was 20.9 million dozens. In pork, poultry, and egg production the goals were surpassed.

In 1985, an extraordinary plan for the transformation of the land ownership structure was carried out to guarantee the implementation of a special policy of massive land distribution; in other words, agrarian reform. We distributed 508,584 manzanas, benefiting 19,070 families.

In industry, where the drop of real production was expected to be 3.8 percent compared to 1984, the evaluation shows an overall fulfillment of 95.1 percent. There was a drop in industry. In other words, industry has been affected. The industrial exports have also been affected.

The same thing occurred with the mining sector. It maintained a minimum production but was greatly affected. Fishing was also affected because many fishing boats continued to be used for the defense of the revolution. Out of 100 motorboats, 41 motorboats are in use. Therefore, fishing has also been greatly affected.

We looked at the investment policy very closely in 1985 because our investments have gone far beyond our real material possibilities. [sentence as heard]

Aggression has reduced the country's investment capacity, affecting social programs and also productive investments. We mention social programs because it hurts, no doubt, to cut down programs when it is a matter of building schools, health centers, and houses. We've had to cut down programs. It also hurts to cut down programs when they concern very important productive and energy programs.

Despite efforts made and despite the aid to investments, last year's investments were greater than the country's material availability [disponibilidades materiales] -- the financial, as well as the internal, external, material, and technical availability. They were less. Consequently, the implementation was not 100 percent. [paragraph as heard]

The most important projects in this implementation were: the Canoas project, the (Sultepe) dairy project, the Sebaco Valley development enterprise, the Health Ministry No 1 project, the central machinery and foundry shop, the Siuna plan, the Bonanza-Siuna energy project, and the July Victory sugar mill.

Important progress was made in the investments of the geothermal Project No 2, such as the construction of fuel tanks, a road, and an airstrip.

Eighteen percent was devoted to the social [word indistinct] in housing projects, gradual subdivisions [urbanizaciones progresivas] and potable water among others we will mention later on.

The planned investment rose to 13,599,300 cordobas. This was the total investment last year.

The scarcity of foreign exchange also affected construction and transportation. Foreign exchange is linked to the aggression and also to the international economic situation.

This has created a need to increasingly [word indistinct] construction and transportation in accordance with the most urgent priorities of defense and production. Therefore, we had to postpone essential projects such as the new railroad. We had to postpone a project as urgent as that one. The preparatory work on the large hydroelectric plants also had to be postponed.

We made progress in the construction of the road to Rio Blanco [word indistinct] there is San Carlos, as well as rural roads, and protection projects [obras de proteccion] for port installations.

Transportation problems are an increasingly limitation for construction, production, government activities, and the people's daily life. In view of the scarcity of foreign exchange, we have had to start rationalizing the composition of the vehicles in the country and the distribution of spare parts and tires, as well as making maximum use of collective transportation units. We've had to get the most from these units by rationalizing their use, controlling them better, and maintaining them better because there is overuse and abuse of the transportation equipment. But in addition to this abuse, the maintenance given to this equipment is not the best, affecting transportation units faster than abuse. Spare parts are not changed in time. In addition, there is also the criminal activity of drivers who damage their units in order to make deals with the spare parts. Thus, we have a serious problem, which the Transportation Ministry is tackling with the presidency of the Republic.

The fiscal policy was aimed at (?reducing) the deficit by increasing revenues and rationalizing spending. A total of 2,122 vacant positions in the state were eliminated. We eliminated subsidies. Fuel consumption and the investment program were reduced. We curbed the fiscal capitalization for the business sector and we adjusted the prices of the main public services.

Regarding the exchange rate policy, the official devaluation of the exchange rate implied approximately 2.7 billion in exchange difference [diferencia cambiaria] which, in turn, resulted in an indirect incentive for production. [sentence as heard]

The total foreign financing contracted, at a medium and long term, increased to \$756.3 million. The trend in this is to decrease. I said decrease because the financial support, the credit lines, etc. that we received from multilateral organizations were frozen.

In addition, there is the pressure the U.S. Government has put on Latin American and European governments not to help Nicaragua. Despite all this, cooperation lines continue.

In May 1985 when the U.S. Government implemented the economic embargo, the socialist community and the Western bloc responded with more than \$400 million in credit lines and donations for Nicaragua. The total donation figure for 1985 was \$75.7 million.

Our precarious capacity to make foreign debt service payments -- a result of the difficult situation we are facing -- has also affected our efforts to get credit lines disbursed. For example, there has been the situation in which we have credit lines approved with friendly countries -- they have credit lines available for \$30, 40, 20 million -- but we can't use them because we don't have the capacity to pay. In other words, we don't have the possibility to get up to date with that friendly country giving us a credit line. We already have a debt with them.

We have to pay the service of that debt, which is a bilateral debt, but since we don't have the capacity to pay and can't pay the service of that bilateral debt, we can't use that credit line. Therefore, we have millions of dollars frozen in credit lines for spare parts, supplies, equipment, and raw materials for agriculture, industry, and production, but we can't use them. Why? Because we do not have the payment capacity, and for this reason we are not up to date with these friends. The cooperation from the countries of the socialist community has increased.

In 1985, the Nicaraguan Institute of Insurance [INISER] was able to strengthen technical reserves and increase the deduction of premiums and increase fixed term investments as a result of a strict control of expenditures and an increase in production. In addition, popular insurance was promoted in order to provide insurance to the majority groups. Despite the difficult situation, INISER has continued to work in such a sensitive field as insurance.

In 1985, we registered a decrease in national production. With the exception of coffee, seafood, and bananas, the traditional exportable production registered drops in both volume and price. It amounted to \$301.6 million, \$86 million less than in 1984. It represented 36.2 percent of the total import of goods and services, which was \$832.4 million. In other words, we exported \$301.6 million while we imported \$832.4 million. It is true that we obtained more than \$700 million worth of foreign support through credit lines, etc. However, this does not mean that those \$700 million or so entered the country because we have had problems such as the ones I explained. We have found ourselves with available credit lines since last year; we have \$40 million to \$50 million available from friendly countries in Latin America and Western Europe, but we cannot utilize them because we are not up to date in our payments to those friendly nations. Therefore, the gap [between imports and exports] has been large.

The average inflation in 1985 was 219 percent as a result of increased production costs, price increases paid to producers, and the elimination of the subsidies in addition to the financial imbalances.

Regarding the expenditures, they amounted to 62,898,300,000 [currency not specified]. The revenue was 36,411,700,000. The deficit amounted to 26,486,600,000, which represents 23.1 percent of the gross domestic product. This was financed almost solely with internal resources. This also explains a good part of the inflation rate.

In 1985, there were no cases of polio, and there was a drastic reduction in the cases of measles and tetanus for the third consecutive year. We experienced a dengue epidemic whose control was achieved through the integrated actions of government institutions and the people's mobilization. The hospitals in Bluefields, Matagalpa, Rivas, and the Karl Marx Hospital in Managua entered into full operation. Health services suffered a slight reduction because the 5.5 million consultations in 1985 were 8.1 percent less than in 1984.

Regarding the wage problems, the approval of the wage scale law -- even though there was some disorder and confusion in the beginning -- signified an advance in setting wages in order in accordance with the inflation rate. A new rate was implemented in 1986 which, compared to the average wage in May, signified a 89.3 percent increase. Within the policy of regulating wages, payment in kind was eliminated. The national system of organization of work and wages covers approximately 430,000 wage earners, including those in agricultural work. An incentive policy was promoted to increase productivity and improve workers income. There was significant progress in the agricultural and livestock sector with regard to establishing regulations for work.

Ninety percent of this effort was achieved. In industry, this was achieved in 40 enterprises.

The Nicaraguan Social Security and Welfare Institute [INSSBI] implemented integral policies in social security and welfare covering half of the Nicaraguan population -- 1,624,111 people -- with its benefits. Priority attention was given to combatants and their families; those displaced by war; war orphans; people in 65 settlements in Regions 1 and 6 under an emergency plan that signified the expenditure of 450 million cordobas; aid to the Miskitos who returned to the banks of the Coco River; and those affected by the floods, the earthquake in Rivas, and the drought in the north. We have had drought. We have had floods. We have had earthquakes. We have a war of aggression.

To resolve the supply problems, the storage and distribution network continued to be organized, seeking to establish a sure network with national, regional, and zonal enterprises. In addition, a number of measures were implemented to stop speculation. This is a battle that we continue to wage and that we must continue with much emphasis and strength.

The guaranteed prices for agricultural and livestock products were also increased in the 1984-1985 season. They were increased 170 percent for the domestic consumption products and 60 percent for the export products.

Elementary, secondary, and technical education were improved in transformation, improvement, and organization. Management and development of education as a component of defense and production is a new element that we are implementing and will continue to implement. The bilingual and bicultural programs of the Atlantic coast were advanced and improved. The [word indistinct] Andrade Brigade was formed and rural work-education schools were developed. The number of students enrolled was 831,928 -- 8.3 percent less than in 1984. As we explained earlier, the adult education program was especially affected in the rural areas and war zones. This drop is also partly due to the mobilization of the youth in the Patriotic Military Service.

In higher education, Nicaragua had a rate of 91 students per 10,000 inhabitants. This is high for Central America. Eighty-four percent of the students are enrolled in universities and 16 percent in the higher studies technological centers. Approximately 67 of every 100 students are studying to obtain degrees in priority fields for the country's economic and social development. Two thousand scholarships were granted in the priority fields to the low-income students from remote areas.

In the cultural sphere, activities were carried out through the cultural brigades that directly involved more than 1,106,000 spectators and indirectly involved the entire population of the country. Nine books and magazines were published. Three medium-length films, two documentaries, and two cartoons were made. The Nicaraguan Film Institute [Incine] participated in 13 international festivals, winning two first prizes and four special mentions. In 1985, the mobile movie theater held more than 3,000 showings for more than 500,000 Nicaraguans. Public libraries, through 42 centers, provided services for 144,000 users.

In 1985, we completed construction of tourist centers at Pochomil, (Gagal), La Boquita, Jilao, and (?El Trapiche) with a capacity for handling 125,000 people. In that year, we were able to organize sports institute activities in all the regions and special zones, and we participated in 60 international events, 14 of which were held in this country. Some 42 nationwide championship competitions were held in 15 sports.

In the same year, the number of people having access to potable water was increased by 45,300 inhabitants.

Sewer services were extended to 10,600 inhabitants. Electrification declined, from the viewpoint of its potential, but service was extended to 8,281 new consumers.

In the area of mail, an important accomplishment was the creation of the postal service...[changes thought] pardon me, with regard to energy, during that period energy consumption was reduced marginally, by 0.9 percent. This refers to sales; in other words, there was a reduction in consumption, not in the amount available in the country. However, new consumers were also added -- 6,000 new consumers, especially in the rural areas. As for mail, a postal service was created for fighters who are on active duty, and an effort is being made to combat the violation of mail privacy, which is a daily topic here.

In the area of telephones, the system was expanded by over 10,000 miles nationwide, although this report does not say that the telephone service has been improved. Telephone service was very bad. We have expanded the service, but the quality of service has been affected. The capacity was expanded in Leon and Chinandega; automatic service was extended to Puerto Sandino, El Bluff, and Corinto. The (Interpool) project was initiated. It will allow us to have direct communications with Cuba, the USSR, and other member countries of (Interpool).

Three housing projects were started with approximately 2,600 units, as well as 30 resettlement projects in Regions 1 and 6. There are 50 progressive city planning projects, with approximately 4,500 plots. Improvement projects were carried out in the Maria Auxiliadora, Altagracia, San Judas, and El Paraisito neighborhoods. Pipelines were laid in (Ticuanatepe), Larreynaga, and at the Civic Center. Three microdams were built to channel the water from Managua's southern basin -- in a service that is almost never appreciated, but that we must appreciate in view of the efforts of all the workers involved in providing this service -- and 177,375 cubic meters of solid waste garbage was collected from residential areas and 176,572 cubic meters from the Acahualinca landfill [as heard] by the efforts of these workers, heroic workers who are involved in this effort.

The Nicaraguan Institute of Territorial Studies [INITER] contributed to scientific research into the country's physical resources, by preparing topographic and thematic maps of the nation's crust, updating maritime charts of ports, and improving the national meteorological communications service.

In volcanology -- we have so many problems here with volcanos, earthquakes, and tremors -- monitoring of the Momotombo, Cerro Negro, Telica, and Santiago Volcanos was continued. The seismological activity was affected, or rather, seismological monitoring was affected by the deterioration of the seismographic equipment.

The Office of the Comptroller General, as the leading force in the system of supervising public administration and the people's property area, focused its efforts on the structure of the productive, financial, and commercial sectors. It carried out 109 auditing projects and all special studies in the area of organizations, systems, and economic-financial studies: The results were later sent to the appropriate authorities.

As for the administration of justice, the penal courts resolved 2,100 of the 4,900 cases remitted to the country's courts by the Sandinist police.

In 1985, the autonomy bill continued to be promoted. It is now under consultation, in the cities and the countryside, by all ethnic groups and in all communities.

The consultation is being carried out in all languages and also in conditions of peace, even with groups that have been up in arms and despite CIA efforts to undermine the peace and the autonomy plan. The CIA has made great efforts, but they have been unsuccessful. The autonomy process is under way on the Atlantic coast. Autonomy has permitted the Atlantic coast Indian peoples and communities to choose their own authorities for posts to which they are entitled by their right to their own identity. It implies the recognition of economic, social, political, and cultural rights within a single, indivisible state that, with autonomy, will achieve higher levels of democracy and participation.

In the areas of autonomy, health, and productive tasks, popular participation has been a determining factor. Above all, we wish to highlight the participation of the coffee pickers. In this year's coffee harvest, or rather in this 1985-1986 period, over 70,000 coffee pickers were mobilized, over 70,000 pickers. Of these, some 20,000 pickers were mobilized from the cities; students and state workers. They were taken to areas where there is still some armed counterrevolutionary activity. In many cases, this mobilization was carried out with coffee pickers armed with their rifles. The coffee harvest has been a success due to this great popular mobilization. This was a people's victory, and the most important aspect is that our Army's deployment, our Army's ability to fight the mercenary forces, and also the readiness of the coffee pickers allowed us to reach the last day of the harvest without letting the counterrevolutionaries directly affect the harvest. They were unable to launch any attack on the coffee pickers. There wasn't a single coffee picker directly murdered by the counterrevolution.

Regarding domestic order, the main achievement of the State Security Office in 1985 was the early detection of 60 attempts that the enemy was unable to carry out. These actions were aimed against leadership cadres of our revolution. In addition, we prevented the formation of the political-military counterrevolutionary internal front through the dismantling and neutralization of many enemy plans and the transfer of information to the Army -- the cooperation between the State Security Office and the Army -- which permitted the annihilation of counterrevolutionary forces and leaders, and the dismantling of enemy bases. These were courier and supply bases that the enemy was trying to develop.

The hard work by the Sandinist police has placed Nicaragua in second place on the list of countries with the lowest level of crime and the largest number of cases solved in Latin America. In 1985, four out of every six crimes committed were solved in Nicaragua. This represents a 67 percent rate of effectiveness.

The dangerous nature and consequences of accidents have been reduced. However, we still have too many accidents. We must fight accidents more energetically.

We increased the number of Voluntary Police Corps members to 7,297.

The penitentiary system continued its activities to re-educate inmates, incorporating them into socially useful jobs in agriculture and cattle production, and at the regions self-supply farms [granjas de autoabastecimiento]. At present, 22 percent of the penal population has joined the popular basic education.

The techniques to put out and prevent fires were increased and, at the same time, we enforced the laws on the prevention of fires at state and private institutions. This was prompted by the National Fire Prevention System [SINACOI].

Beginning with 1985, the mercenary forces completely lost the initiative. They were pushed by our troops to more remote areas and even outside the country. The relative presence they still have in areas of the fifth, sixth, and first regions is only possible for them at the expense of a high number of killed, wounded, and captured individuals.

Up to 1985, we counted 4,608 dead and approximately 500 contras captured. In view of the failure suffered (?with the fall) of a powerful mercenary army, the Reagan administration has been planning and implementing its interventionist escalation. For this reason, we insist that they already have an infrastructure ready in Honduras, are now introducing military engineers in Costa Rica, and have the post for military aggression in Panama's canal zone, all of this to launch any direct aggression against Nicaragua.

In 1985, the military activity of the United States, as well as its intelligence activity was strengthened in all areas to obtain greater and more detailed control, preparation, and conditioning of the theater of operations against Nicaragua. We have already said that more than 80,000 U.S. soldiers have been trained in Central American territory. More than 80,000 U.S. soldiers have gone to Honduras for training.

As to achievements in our defense, we can note the strategic reinforcement of national defense. We approved the military doctrine in 1985. This doctrine dictates the people's war strategy. We also approved the strengthening of the organic coordination process and the Army's institutional process, which is a move to consolidate militiamen and reservists in the Army. As for the strengthening of the national territorial defense throughout the country, in 1985 we created new special counterinsurgency units, special deployment forces, territorial forces, other Army units, and new border guard troops.

In 1985 in the international sector Nicaragua maintained the lawsuit against the United States at the International Court of Justice. Later, we united a group of friends of the president of the Nonaligned Movement on 30 March. This group of solidarity with Nicaragua was subsequently recognized in the Nonaligned Movement's Luanda Declaration.

At Nicaragua's request, the 5th special meeting of the SELA Council was held on 14 May. This meeting approved Decision No 222 repudiating the U.S. commercial embargo.

Nicaragua was re-elected a member of the Human Rights Commission of the UN Economic and Social Council and president of the Fourth UN Commission on Decolonization. Nicaragua was also chosen for the FAO Executive Council, the UN organization for agriculture and food. Our country was also chosen vice president of GATT, the General Agreement on Tariffs and Trade.

On 7 May, the Nonaligned Movement's Coordination Bureau issued a communique vigorously condemning the U.S. commercial embargo. On 10 May, the UN Security Council issued Resolution No 5262 urging the United States to abstain from adopting measures that may obstruct the Contadora Group efforts and called for a resumption of the Manzanillo negotiations. Support for Nicaragua on the commercial embargo also became evident in the final declaration of the Luanda ministerial meeting, at the WHO conference, the ninth regular SELA meeting, and at the UN General Assembly of 17 December. In addition, we formalized relations with... [changes thought] we have sent ambassadors to the DPRK, Uruguay, Iran, and India.

We have made a very condensed synthesis of the economic work done in 1985. In the next few days, we will send you a document with more detailed information of all that work.

Of course, we first requested those reports from the ministers and then examined them with the Secretariats of Planning and the Presidency to ensure that the reports are not exaggerated, because it is natural and human that good aspects are always put forward; only the positive aspects, not the negative ones are presented.

We hope that the comrade ministers and the teams that worked on these reports made an effort to present them in keeping with reality; we hope that the work carried out in 1985 was truly extraordinary, because there were great limitations -- a cut in financing and other problems, such as the embargo. We were not prepared for the embargo. We knew that the embargo could come anytime, but we were not fully prepared for it. That year we had expected to export our quota of bananas, meat, and sugar to the United States. But, we were allowed to export so little to the United States when we once exported almost our entire quota. However, above all, we could still obtain the needed imports, spare parts, and medicine, that is, all of the elements needed for production and for the people's consumption. We were suddenly hit by the embargo, and we had to hastily readjust our plans.

We have talked about economic plans within the revolution. This contradicts what is happening in Nicaragua. Our economic plans are too weak. That is, we draft our plans based on certain figures and calculations, but shortly we have to change them.

It is difficult at the beginning and in this sense we must point out some critical elements regarding our government's effort. It is somewhat difficult for us to establish the figures; that is a problem. After we established the figures with great difficulty, the U.S. Administration successfully blocked aid in an international organization and a loan with a friendly country was frozen, because we could not manage to pay our debts on time. The friendly country could have offered to restructure our debt, but it did not. We could not receive that financing and credit.

Those were very trying situations. There are also problems of nature; we can do little about them. There was a drought and then too much rain. Our plan was seriously affected in 1985. We now have a plan for 1986 that will certainly be seriously affected as well.

We must make efforts to have a plan -- at least something to guide us -- and have some objectives as well. Then, we will see whether we can fulfill them. We could fulfill them, overfulfill them, or not fulfill them at all due to too much rain, a drought, problems of the foreign [word indistinct] or aggression. We will see later; however, it is logical that we must have a plan.

We have insisted on the need to strengthen a planning system at the highest level within the revolutionary government. In this regard, the state's efforts have made great progress. I said that the report we presented to you contains positive and constructive efforts of ministers, state workers, and organized people supporting that effort. However, it does not contain self-critical elements. We think that the analysis of this plan at the end of the year -- as we are now analyzing efforts made in 1985 at the beginning of 1986 -- should be a critical analysis. A critical analysis implies that we must present the good and positive, as well as the bad and negative. We are not doing too well. We are still weak in this regard.

A stronger self-critical spirit is missing in the government effort. Despite all the responsibilities we have had -- we have been preparing the 1986 plan and that consumed a lot of our time -- the truth is that we were obliged to urge the ministers to be self-critical in their reports. Problems encountered amid the aggression cannot always be blamed on a lack of foreign currency and the war. We also have a responsibility.

It is true that even if we were operating at top efficiency, had committed no errors, and had no failures, our efforts still would not satisfy the demands of the population because the war and the aggression are looming over us. However, given that errors and deficiencies exist, costs imposed by aggression increase.

We meet with the ministers and tell them: Comrades, we must make investments in keeping with the country's material and financial abilities and our external financing abilities to support those investments. Perhaps investments presented then stand at 20 billion cordobas and the ministers go to work on it and return with a request for 25 or 30 billion cordobas. What does this mean? It means that there is not an awareness among government officials regarding the true situation being experienced by the country.

When we learn about less important problems that should have been resolved months ago, through the press, radio, or during a "Face the People" program, we realize that there is inefficiency on the part of the official, the minister.

The minister must be alert to those errors. He must be alert, because one mistake or fault could result in a political problem, a social problem. However, apart from any political or social problem it is our duty -- for reasons of principle -- to solve the problems we can solve. We find that we are still lacking direct contact with Nicaraguans' daily problems. We find that many errors are made in this area -- some due to ignorance, others calculated, ill-intentioned, and without the minister's knowledge. Often he does not find out until the police arrive or it is published in the newspaper. This cannot be; we are responsible for this, and we are responsible for not being there to supervise the ministers, for not being more demanding with them and with the people heading state institutions. It is easy to say later that director so-and-so or secretary so-and-so was responsible for this or that sector. To do this is to evade responsibilities. After all is said and done, it is our work, and we are responsible for it. We are responsible for the errors and mistakes that are committed.

Just as we are the ones who get credit when substantial progress is made in any sector or area, we must give the ministers, the workers, and all of the people involved credit. However, when errors are made, responsibility for the errors must also be shared by the persons heading the institution. We are having problems because there is a lack of understanding regarding the country's material limitations, and resources are being demanded as if the war did not exist, as if the aggression did not exist, and as if we had no material limitations in the country. This cannot be possible. As I said, we have had to cut social, educational, and health investments, and this is painful. It is painful to cut social investments, but we have been forced to do so.

Of course, we would like to fulfill all of the ministers demands to fill the country with schools, health centers, highways, and homes and to take energy and water to all Nicaraguans as rapidly as possible. However, this is not possible, and we must thoroughly understand this reality.

During 1986, as I have told you, we are going to face equal or greater tensions because the U.S. policies do not seem to be changing.

Therefore our efforts during 1986 must be aimed at guaranteeing defense necessities to ensure a minimal standard of living for the people, promote exports, ensure the basic infrastructure for production, and maintain the social sector's present capacity. All of these actions are necessary to contain and reverse the deterioration that aggression is causing.

We can no longer delude ourselves about 1986. Tensions in the world are very great. The Soviet Union has presented initiatives in favor of peace, and it made concrete proposals in favor of peace. These proposals have even made the Reagan administration meditate, even if only hypocritically. The Reagan administration seems to be meditating over the Soviet Union's peace proposals. With its peace initiatives, the Soviet Union has placed the Reagan administration between the devil and the deep blue sea. While it claims to be meditating, what is the Reagan administration doing? It is requesting a greater military budget at the expense of sacrificing and affecting the American people's social budget. The administration sacrifices the American people in order to guarantee the necessary resources for its military projects, for its militaristic and warmongering projects. The concrete answer that the United States has given the Soviet peace initiative thus far opposes peace and in fact rejects the peace proposals.

We have defended the policy of nonalignment in the international sphere, and we will continue to defend this policy. We have defended the Latin Americanist policy and the Central Americanist policy, and this has brought Nicaragua international recognition; it has given Nicaragua an international personality. Nicaragua has its own personality; it has earned it with its nonalignment policies. We have defended a peace policy, but in response we have faced a policy of war from the United States. Last year this forced us to establish a state of emergency, which was necessary in order to fight this U.S. warmongering policy.

We are fighting against a powerful army that remains intent on destroying the Nicaraguan revolution. It is even acting bluntly now. First the U.S. Government used the excuse that Nicaragua had to be pressured to prevent it from sending arms to the Salvadoran guerrillas. Later it claimed that that it had to support the mercenary forces to promote democracy in Nicaragua. Now they claim the mercenary forces must be supported to destroy the Sandinist regime. The U.S. policy has been unmasked.

Reagan insists on requesting more funds for the mercenary forces. Last year the Congress approved funds for alleged humanitarian aid. We are well aware that this was not humanitarian aid. Now he is requesting funds again, this time for humanitarian and military assistance. Reagan made this request public after he and Mr Shultz met with eight Latin American foreign ministers in Washington on 10 February. They presented a Latin American position. They asked the American people to stop the aggression against Nicaragua, to stop financing the mercenary forces, and to establish a dialogue with Nicaragua to normalize relations and reach peace.

Mr Shultz and Mr Reagan's response has been to insist on requesting financing for the mercenary forces. Reagan is asking for more funds so that the mercenaries will continue to murder women and children in Nicaragua, continue to murder mothers like those they recently murdered near Somotillo, continue to murder international volunteers like the Swiss technician who was murdered by Reagan's mercenaries in Somotillo. In other words, he is asking for more funds to continue attacking the Nicaraguan people and continue advancing in his policy of militarily surrounding, of militarily and economically strangling the Nicaraguan revolution, until he finds the opportune moment to launch his invasion against our country.

Reagan ratified Mr Shultz' response to the representatives of the Latin American governments when he arrived in Grenada, a country occupied by his troops, where he prepared his own welcome. This brings to mind a poem by an anonymous author that was recited during the times of the struggle against Somoza. It reads: Somoza is the first to ride Somoza's horse in front of Somoza Stadium, which is on Somoza Square. Reagan afforded himself a hero's welcome in Grenada. Reagan made his own welcome. He announced there his determination to continue his terrorist policy against Nicaragua.

Reagan's arriving in Grenada also reminds us -- although it is something we read in our textbooks -- of Hitler's hero's welcome in Venna. His troops had occupied Austria. He made a triumphal entry in Vienna. However, Reagan must not forget that in Vienna and Austria Hitler is remembered with bitterness. In Grenada, which will be free some day because there will be a revolution there, the people will remember this visit with bitterness, because he entered a Grenada occupied by his invasion troops. Reagan issued a threat against Nicaragua in Grenada. In so doing, he also threatened all of Latin America. This clearly shows that the danger of intervention is there, it is present, it exists. This is not an imagined threat. For years we have been saying we must prepare to face, resist, and defeat an eventual invasion by U.S. troops in Nicaragua. Mr Reagan's discourse is becoming increasingly dangerous. He is really going overboard.

He said he has obtained a secret document from Nicaragua in which we outline a policy to persuade the U.S. Congress not to support Reagan on the financing request. He is attempting to blackmail the U.S. Congress with this document. He is using every scheme and trick imaginable in his attempt to achieve that goal, to get funds approved.

We would like to ask him: What do you want funds for? Reagan knows we are defeating his mercenary forces. Why the funds? Even if that amount or more is approved, we will continue to defeat the mercenary forces here. However, Reagan wants to keep those mercenary forces alive because that allows him to continue advancing in his process to militarize the Central American area; to continue establishing military bases in Honduras; to think about establishing military bases in Costa Rica; to attempt to entrench himself in Panama to direct from there his operations against Nicaragua. It allows him to create conditions in the area to launch the invasion against Nicaragua. Why? Because there is the armed opposition. The armed opposition is there. The armed opposition is there. [repeats himself]

That is what Reagan wants. Some individuals born here in Nicaragua also want that. They live here in Nicaragua; they live only to wait for the triumphant entrance of the U.S. troops. The discourse of the newspaper LA PRENSA, which is a CIA newspaper, a newspaper of intervention, falls within that framework. The discourse of some gentlemen of the productive sectors organized in COSEP [Higher Council of Private Enterprise] falls within that framework. The discourse of some leaders of political groups that do not want to accept the revolutionary change that has taken place in Nicaragua and who are waiting for the Yankee intervention also falls within that framework. They are waiting and dreaming about applauding Reagan's entering Managua on top of mountain of bodies, just as Reagan has now arrived in Grenada. That is also Reagan's dream.

That is why we cannot neglect the preparations for the military defense of our country. We cannot neglect the mobilization and the integration of the people into the military defense of the revolution. We cannot have any illusions that the problem will be resolved through the so-called dialogue with the counterrevolution, as Reagan proposes and as some of Reagan's echoes here in the country propose.

Of course, Reagan wants us to hold a dialogue with the counterrevolution. Why? So that peace will come to Nicaragua? He wants us to hold a dialogue with the counter-revolutionaries, with the Caleros, with the Robelos, with the Bermudezes, with all of these criminals. Why? So he can legitimize his mercenaries and assassins; so that he can then have greater political support for those criminal assassins and continue his policy of aggression and terrorism against Nicaragua. That is the reality. They want to promote the dialogue in order to destroy the revolution. Those who repeat here that discourse, that slogan, are either receiving CIA dollars or are stupid. But the most likely reason is that they are receiving CIA dollars.

Nevertheless, Reagan will continue to dream about receiving a hero's welcome in Nicaragua. He can go meet in Miami with the Somozists or neo-Somozists who fled there; they will receive him as a hero. The people here will never receive Reagan and his troops like heroes.

We will always receive them ready for combat, we will receive them with our rifles held high, with our rifles pointing at the invaders; we will receive them with the rifles of the Nicaraguans united with the rifles of the Central American patriots, as announced by the Salvadoran revolutionaries, who have decided to join their rifles and blood with the rifles and blood of all the Nicaraguans if the intervention ever takes place. [applause] We will receive Reagan and his soldiers with the rifles and fury of the Central American and Latin American people, and we are going to defeat them; they will not have an easy time in Nicaragua. [applause]

Reagan is mistaken when he announces in Grenada that things will be easy in Nicaragua. He would do better to change his policy; he would do better to accept the reality of the Nicaraguan revolution; he would do better to listen to Latin America; he would do better to accept the dialogue and peace instead of sending thousands of U.S. youths to their deaths in Nicaragua, given his ambition of coming to Nicaragua and receiving a hero's welcome.

We are still willing to participate in an unconditional dialogue with the United States to discuss our bilateral relations, without conditioning our internal regime, because we would not think of conditioning the United States' internal regime during a discussion with the United States, even though we do not agree with many of the things in the democracy... [corrects himself] in the so-called U.S. democracy. We are willing to discuss security matters; we are willing to normalize relations with the United States.

We have supported, we have supported [repeats himself] the Contadora initiatives; we have supported the Caraballeda proposal. We want to achieve peace; we are willing to meet with the Central American leaders; we are also willing to encourage a bilateral dialogue in Central America. The truth is that not even the Central American leaders want a war, and the Central American leaders do not want an intervention in Nicaragua. They know that this is a bomb which would explode throughout the Central American region.

The Congress has said correctly that Reagan should really consult with the Central American leaders on what they prefer: whether the millions in aid which he wants to give to the counterrevolution should be given to Honduras, El Salvador, and Costa Rica -- which are good friends of the United States -- or whether the millions should be given to the counterrevolution. We are sure that the leaders in Honduras, El Salvador, and Costa Rica would be willing to receive that aid. We have said already that it would be more useful to benefit the people in Costa Rica, Honduras, and El Salvador -- who need the aid so much -- so long as it is invested in social projects.

We are sure that the Central American people also want a peaceful solution to the conflict which prevails in El Salvador, because it is not a conflict which emerged after the Nicaraguan revolution triumphed. It is a conflict which emerged due to the backwardness, exploitation, and poverty which the Salvadoran people have endured. The Salvadoran people have merely resorted to the legitimate use of a popular insurrection to seek justice, democracy, and liberty. A political solution is also necessary there, and the Salvadoran revolutionaries have already issued a statement in this regard.

Nicaragua needs unity now more than ever, but it must be a unity to defend national interests, not to defend the interests of privileged sectors that were forced out by the revolution. The defense of national interests means defending the peasants' and workers' interests, with the participation of the production, agrarian, and industrial sectors; it also means guaranteeing the people's achievements. This year, 1986, we will strengthen this national unity even more.

This national unity is guaranteed the very moment the workers and peasants combine their efforts, sweat, and sacrifices for the defense of the revolution. This unity is guaranteed to the degree that youths, women, and patriotic producers join in the defense of the revolution in the productive and military sector. This great unity, this great unity has grown each year with the strength of the intellectuals, journalists, artists, technicians, professionals, and believers. We urge the sectors which refuse to accept reality to join this great unity.

Our foreign minister, Father Miguel D'Escoto, recently requested a permit and is currently carrying out another drive for peace, touring.... [changes thought] He intends to cover 320 km. He left Jalapa a few days ago and should be in Esteli by now. This is a Christian drive; this is a drive for peace; this is a drive for national unity. We, who have insisted and continue to insist on respect for our people's religious beliefs, recognize in Father D'Escoto's action a genuine demonstration of Christianity and concern for peace, life, and Nicaraguans' rights.

Today, 21 February, [6-second break in transmission] the death of our General Sandino by presenting a report here on the government's economic activities during 1985 and its foreign policy positions. We want to greet the effort exerted by the National Constituent Assembly because, despite great contradictions and complex situations, it has consolidated itself and helped to achieve the institutionalization of the revolutionary process in Nicaragua. Thank you. [applause]

REAGAN DEFENDS POLICY DURING GRENADA VISIT

PA212218 Managua Sistema Sandinista Television Service in Spanish 0200 GMT 21 Feb 86

[Text] Today the island of Grenada was turned into a platform against Nicaragua by U.S. President Ronald Reagan, on the U.S. President's first visit to that country since the invasion in October 1983. Reagan arrived on the Caribbean island this afternoon accompanied by some of his leading foreign policy advisers. The capital, St. Georges, was flooded with U.S. propaganda. Meanwhile, the Maurice Bishop Patriotic Movement urged the people not to welcome the man who had invaded their sovereign country.

Reagan was in Grenada for 4 and 1/2 hours. He met there with the Caribbean heads of state who 2 years ago approved of the U.S. invasion.

Speaking at a public ceremony after placing a wreath on the tomb of the 19 American soldiers killed during the invasion, Reagan attacked Nicaragua and defended his government's aid to the counterrevolutionaries.

Three days ago Reagan officially initiated his campaign to have Congress approve \$100 million for the counterrevolutionaries. He took advantage of his presence in Grenada as the ideal scenario to carry out propaganda in favor of his policies against Nicaragua.

Despite Reagan's efforts, his policies were criticized by Democrat Tip O'Neill, speaker of the House of Representatives, who said that the aid to the counterrevolutionaries could lead to an invasion of Nicaragua by U.S. troops. Last year O'Neill supported giving [words indistinct] dollars in allegedly humanitarian aid to the counterrevolutionaries. Nevertheless, the democratic leader now says that the contras will be humiliated and destroyed. He added that to give the counterrevolutionaries \$100 million would be a disaster and a shame for the United States.

Also in Washington, Costa Rican President-elect Oscar Arias Sanchez criticized the U.S. policy and said that it would be better for the United States to give this \$100 million in economic aid to the other Central American countries.

ARCE LEADS FSLN DELEGATION TO CPSU CONGRESS

PA240112 Panama City ACAN in Spanish 2252 GMT 23 Feb 86

[Text] Managua, 23 Feb (ACAN-EFE) -- Commander Bayardo Arce travelled to Moscow today at the head of an FSLN delegation that will attend the 27th CPSU Congress. Arce is a member of the National Directorate and the deputy coordinator of the FSLN's Executive Directorate and the deputy coordinator of the FSLN's Executive Committee.

The delegation also includes Julio Lopez Campos and Javier Carrion McDonough, members of the Sandinist National Assembly, the FSLN's consulting organization; Jose Angel Buitrago, deputy minister for external cooperation; and Ernesto Castillo Martinez, Nicaraguan ambassador to the Soviet Union.

The secretariat of the FSLN's National Directorate reported today that the Sandinist mission will stay in the Soviet capital from 24 February until 6 March, or the duration of the CPSU's congress. The mission will make a technical stopover in Havana.

AREA PRESIDENTS PRAISE PEACE INITIATIVES

PA212205 Managua Domestic Service in Spanish 0300 GMT 21 Feb 86

[Text] Efforts to normalize relations between Costa Rica and Nicaragua have been praised by several Latin American governments. This is apparent from a number of letters received by the Nicaraguan Government from those who uphold and support the Nicaraguan initiative. Prominent among those letters are those signed by the foreign ministers of Venezuela, Colombia, and Panama, countries that are part of the Contadora Group.

The peace initiatives between the Governments of Costa Rica and Nicaragua will bear fruit this coming Monday, when the deputy foreign ministers of both countries will meet in Managua in the presence of their colleagues of the Contadora Group countries.

COSTA RICA'S ARIAS CRITICIZES U.S. CONTRA AID

PA210301 Managua International Service in Spanish 0000 GMT 21 Feb 86

[Text] Costa Rican President-elect Oscar Arias Sanchez has harshly criticized Reagan administration support to Somozist mercenaries. Instead of financing counterrevolutionaries, the Reagan administration should help friendly countries in Central America, he said.

Arias said that if he were President Reagan, he would give that money to Guatemala, El Salvador, Honduras, and Costa Rica in the form of economic aid and not in military support for the mercenaries.

The Costa Rican president-elect's statement was made on the (John Lauren) "One on One" program over U.S. television.

COOPERATION AGREEMENT SIGNED WITH FRANCE

PA221923 Managua Sistema Sandinista Television Service in Spanish 0200 GMT 21 Feb 86

[Text] France and Nicaragua have concluded the fourth meeting of the mixed commission and signed a cooperation agreement which includes a French donation of 10,000 tons of wheat.

The cooperation agreement is for approximately \$2 million. French Ambassador to Nicaragua Jane Debenest signed for France and Nicaraguan Deputy Foreign Cooperation Minister Jose Angel Buitrago signed the closing of the meeting of the Mixed French-Nicaraguan Commission. [sentence as heard] The meeting was held to assess cooperation actions on economic, scientific, technical, and cultural matters. Also, during the meeting, the programs to be developed in 1986 were analyzed. The main actions are to be carried out by the Nicaraguan Development Institute, the Ministry of Health, and the Ministry of Agricultural-Livestock Development and Agrarian Reform.

CATHOLIC CHURCH MEETING CONTINUES IN HAVANA

Officials Attend Reception

FL212236 Bridgetown CANA in English 2217 GMT 21 Feb 86

[Text] Havana, Feb 21, CANA-REUTER -- Communist Cuba took another step towards improving relations with the Roman Catholic Church last night when two government leaders attended a reception to mark the holding of a special church conference here. The vice president with responsibility for foreign affairs, Carlos Rafael Rodriguez, and Foreign Minister Isidoro Malmierca both turned up at the reception, given by the papal nuncio to mark the holding of a week-long conference aimed at mapping a future course of action for the church in Cuba.

Over 180 bishops, priests, nuns, and laymen are meeting at a Havana convent to discuss proposals that the church should seek to strengthen its activity in Cuba without questioning the political and social order of its communist society. The presence of Rodriguez and Malmierca at the reception was reported today by the official daily GRANMA after a virtual blackout on the church conference by Cuba's state-controlled media. Vatican diplomats said the two men had previously attended other receptions given by the papal nuncio, but their presence at this one was particularly important. In these circumstances their presence indicated something special... Everybody was very happy, one church official said.

Religious activity in Cuba has been hedged with restrictions since the 1959 revolution due to an official policy of atheism and government fears that the churches might foster clandestine opposition to communist rule. But church-state relations began to thaw two years ago after statements by Cuban leader Fidel Castro that Christianity and Marxism could be allies in the struggle for social change in Latin America. The government has facilitated the holding of the present Cuban National Ecclesiastical Encounter (ENEC), which represents the biggest rethinking of church attitudes to the government since the revolution. The Foreign Ministry provided visas for several foreign bishops attending the conference and helped organize foreign press coverage of the event, which ends on Sunday.

But although the state-run news agency PRENSA LATINA has carried daily reports on the meeting for overseas subscribers, it was virtually ignored until today by the local press, radio, and television.

Castro Receives Papal Envoy

PA231926 Havana International Service in Spanish 1800 GMT 23 Feb 86

[Text] Cuban President Fidel Castro has received in Havana Cardenal Eduardo Pironio, Pope John Paul II's special envoy to the Cuban national ecclesiastic meeting that concluded today in Havana. Ecclesiastic sources have said that the dialogue between the Cuban president and Cardenal Pironio was frank and cordial. In closing the event, the pope's envoy thanked the Cuban authorities for the facilities that were offered and for the generosity and warmth with which he was received.

The same ecclesiastic sources said that Monsignor Dario Castrillon, secretary general of the Latin American Episcopal Conference, was received a few days ago by Fidel Castro.

LEADERS EXPRESS SATISFACTION WITH REAGAN SUMMIT

FL212217 Bridgetown CANA in English 1802 GMT 21 Feb 86

[By George Worme]

[Text] St Georges, Grenada, Feb 21, CANA -- Caribbean leaders have expressed satisfaction with yesterday's meeting with President Reagan.

I thought it went well, and we were able to make our points very much to him, and I think we got results, Dominica's Prime Minister Eugenia Charles told CANA after the one-hour summit.

Reagan later announced several initiatives to help Caribbean countries including an expanded U.S.-funded scholarship scheme, eased access to the United States for regional textiles and a joint plan to modernize judicial systems.

I am particularly pleased with the scholarship programme which is one of the things I requested in my presentation on behalf of the territories speaking on aid, said St Vincent and the Grenadines Prime Minister James Mitchell.

Trinidad and Tobago's George Chambers described the summit as eminently satisfactory. I assume from the responses of the president, added Chambers, that we will see some activity in light of his own policies relating to investment expansion in the Caribbean.

Said Prime Minister Edward Seaga of Jamaica: In so far as benefits to the region (are concerned) there is no question about the fact that President Reagan's visit was beneficial to us. Seaga said that if the new programmes were to materialise it could result in substantial new employment opportunities for the region especially in the garment industry. Seaga also said that he was not surprised with Reagan's announcement that Washington might be cutting down on its level of foreign aid. This is a reality. The fact of the matter is that it's a reality that the U.S. Government has its own problems, and its own budget deficit but what we don't get in aid you make up for trade, and trade is what creates jobs and what earns for us the foreign exchange, he said.

Speaking of the programme to develop judicial systems, Mitchell said: If this means helping us to build new registries and libraries for the law offices, I think this would be a splendid idea.

Chambers said that he used the opportunity of his meeting with Reagan to raise issues of particular concern to Trinidad and Tobago, including graduation from the soft terms window of the World Bank, obstacles to local steel exports to the United States, the possible implications for this country of a possible oil import levy now being voted for in the U.S. and the question of investment under the Caribbean Basin Initiative (CBI). Chambers said that Reagan had promised to look personally into the question of duties on oil imports.

Trade was the dominant issue in the discussions but security and drug trafficking were also featured.

Charles said that the regional leaders told Reagan that the security of the area required a strong economic base. The American President, she said, had expressed an interest in providing training for the Regional Security System (RSS) established by seven eastern Caribbean states.

(This is what) we have been asking for in fact and nothing more. I have always insisted that we can't get financial support for it (the RSS). We have got to run it for ourselves. Nobody can run your army for you, Charles said. On drugs, she said the U.S. President described drug trafficking as a threat to the Caribbean and urged the leaders to try to convert our people away from drugs as well as avoid the drug people coming in. Seaga said though marijuana was the most used illegal drug, prime ministers were deeply concerned about the possibility of having problems in policing their waters for smuggling operations with cocaine. What we hope to do is to try to deal with it (drug trafficking) while it is still at a level that it can be controlled, he said.

On the CBI, Barbados Prime Minister Bernard St John said Reagan had agreed that the CBI had not worked as well as initially advanced and on the need for a bipartisan approach to the programme. He said there was a difference in attitude to the CBI by the White House and Congress. As soon as a project starts to make progress, there is a bill introduced (in Congress) to deprive that product of CBI status, St John said. We also raise the question of access for sugar which is important to us all, and we pointed out that the reduction in sugar quotas which took place in 1983, was of such magnitude that the dollar value of exports that CBI countries derived from new access was seriously diminished by the reduction in quotas, St John told reporters in Bridgetown.

Charles said that Reagan demonstrated his ability to listen to the problems of the region as opposed to the playboy image he has gained in some circles. Added Kennedy Simmonds of St Kitts and Nevis: President Reagan is a very good listener, and he took careful notes of what we said in addition to those his aides took, and he certainly promised to evaluate very carefully the points that we made with respect to the Caribbean.

Other prime ministers at yesterday's summit were Vere Bird of Antigua and Barbuda, Herbert Blaize of Grenada, and John Compton of St Lucia.

Further Comments

FL221427 Bridgetown CANA in English 1404 GMT 22 Feb 86

[Text] Basseterre, St Kitts, Feb 22, CANA -- St Kitts-Nevis Prime Minister Dr Kennedy Simmonds says last Thursday's historic visit to Grenada by U.S. President Ronald Reagan was a tremendous success if only because it offered nine Caribbean Community (Caricom) leaders the unique opportunity of speaking directly to the American leader. Dr Simmonds, who was among Caricom prime ministers attending the mini summit, also attributed the success of the visit to what he called the tremendous outflowing of gratitude expressed by the people of Grenada to the U.S. President. It was Reagan who responded to the eastern Caribbean call for military assistance in 1983 to restore order in Grenada after a communist junta seized power in a bloody coup. Dr Simmonds said he had urged the president to maintain U.S. aid levels to the English-speaking Caribbean in the face of whatever budget cuts Washington was contemplating. He said he also made the point that for members of the Organization of Eastern Caribbean States (OECS) to better derive benefits afforded under Washington's Caribbean Basin Initiative (CBI), special attention must be paid to the development of electricity, roads, water and educational facilities.

Willingness To Help Haiti

FL220132 Bridgetown CANA in English 2302 GMT 21 Feb 86

[Text] St Georges, Grenada, Feb 21, CANA -- Some West Indian nations say they would like to help Haiti return to democracy.

This is a window of opportunity that we shouldn't pass up, and we should try to do whatever we can to help the country return to democracy, Prime Minister Edward Seaga of Jamaica told CANA.

We must keep close to them because they are part and parcel of our family. We think this is the opportunity to make sure that they get a democratic government, and we mustn't miss the opportunity, Dominica's Eugenia Charles said.

Both Caribbean leaders spoke yesterday in St Georges where they attended a meeting with President Reagan.

The Jamaican leader who claimed a pivotal role in influencing President-for-Life Jean-Claude Duvalier to flee Haiti in the face of a mass uprising earlier this month said he was concerned about events in Haiti, where a civilian-military junta was governing the island. I am concerned about the faccum that is there. It is true that there is a ruling junta but one doesn't know to what extent the people themselves feel that this is satisfactory, so we are simply watching the situation for the time being, and studying it. Duvalier fled his homeland to France on February 7 aboard a U.S. Air Force plane and has been cooped up in a luxury lakeside hotel at Talloires in the Alps while Paris has hunted fruitlessly for another country to accept him. The Jamaican Prime Minister said he did not see the need for the region to move fast in upgrading Haiti from observer status within the English-speaking Caricom grouping to a full fledged member in an effort to help the island among the democratic path. I think we need to watch...and there would be enough time before the Caricom heads of government in July by which time we would see just what is happening in Haiti, he added.

The St Kitts Prime Minister Dr Kennedy Simmonds said that during yesterday's summit the Caribbean leaders expressed satisfaction that the stage was set for Haiti to move into the democratic orbit and for assistance to be given to help with the development of democratic institutions on the island.

On full membership within Caricom, Simmonds said he would not make any commitments on this issue at the moment but would view seriously any application by Haiti for membership.

St Vincent and the Grenadines Prime Minister James Mitchell voiced support for the region to help Haiti but felt it would take sometime for the Caribbean's poorest nation to the foundations of democracy.

BERMUDA

SENATOR INTRODUCES INDEPENDENCE BILL

FL221338 Bridgetown CANA in English 1332 GMT 22 Feb 86

[Text] Hamilton, Bermuda, Feb 22, CANA -- Bermuda's Senate President has taken the unprecedented step of introducing legislation to force a vote on independence in this affluent British colony. Senator Hugh Richardson caught politicians offguard when he unveiled a private members bill in the Upper House on Wednesday to force a referendum on the independence issue more than five years after it was last discussed in parliament.

A government white paper was debated in the House of assembly in the autumn of 1979 when government announced the majority of Bermuda's 56,000 population were opposed to severing ties with Britain.

Premier John Swan ruled out independence as an issue in last year's general election but promised a referendum to test public opinion. Tiny Bermuda -- it's a little over 20 square miles -- is Britain's oldest remaining colony. Senator Richardson's bill, which is expected to be debated in the Senate before Easter, would set a deadline of April 7 next year for holding the referendum and all electors would be entitled to vote. Voters would be asked: Are you in favour of Bermuda becoming an independent nation within the commonwealth? A five-man referendum commission would be appointed by the governor after consulting leaders of the island's three political parties to administer the referendum.

Senator Richardson said today: It is time we did something meaningful about independence and I believe the people of Bermuda should be given an opportunity to express their desires. He said the issue had been lying dormant for too many years. I hope we can get this bill through the Senate and then the House of Assembly. I see this as a progressive step towards independence and I think it has a chance of going through. Even so he did not believe independence would come before the next decade, and added. I don't see Bermuda becoming independent inside four years even if we are successful with the referendum. He said Bermuda had played with the idea of independence for years and now he was hoping something positive would be done. He stressed the bill was his own idea and was not prompted by a political party or group. Bermuda's population is 60 per cent black and 40 per cent white.

FRENCH GUIANA

16TH ARIANE ROCKET LAUNCHED 22 FEBRUARY

PA220209 Paris AFP in Spanish 0153 GMT 22 Feb 86

[Text] Kourou, French Guiana, 22 Feb (AFP) -- The 16th European Ariane rocket was launched today at 0144 GMT from the Kourou Space Center in French Guiana. It carried aboard the French SPOT observation satellite, and the Swedish scientific satellite Viking.

Satellites Put in Orbit

PA220237 Paris AFP in Spanish 0217 GMT 22 Feb 86

[Text] Kourou, French Guiana, 22 Feb (AFP) -- Ariane, the 16th European rocket, launched as scheduled observation satellite SPOT and the Swedish scientific satellite Viking -- 15 minutes after launching, in other words, at 0159 GMT. Three minutes later, approximately 18 minutes after launching, the two satellites separated and each one installed itself in its own established orbit, thus confirming Ariane's success.

HAITI

BANK DIRECTOR SAYS DUVALIER TOOK STATE FUNDS

PA220222 Paris AFP in Spanish 1711 GMT 22 Feb 86

[Text] Port-au-Prince, 22 Feb (AFP) -- The director of the Bank of the Republic of Haiti, Jean Claude Sanon, revealed today in Port-au-Prince that former President-for-life Jean-Claude Duvalier took state funds to augment his personal fortune.

At a press conference held in the capital of Haiti, Sanon said that in the bank there were eight accounts under the name National Defense. Duvalier had absolute power over these accounts, which swelled to \$1 million on a monthly basis with funds provided by the Finance Ministry. Bank management had no control over these accounts. Part of the funds were used to cover defense expenditures, but another part, the amount of which is unknown, was used for other purposes, Sanon said.

JUNTA PROHIBITS PUBLIC MEETINGS, DEMONSTRATIONS

PA230239 Madrid EFE in Spanish 0155 GMT 23 Feb 86

[Excerpts] Port-au-Prince (Haiti), 22 Feb (EFE) -- The junta, which has been governing Haiti since the toppling and flight of "Baby Doc," today issued an order prohibiting the country's citizens from meeting and demonstrating. The junta is currently consolidating its power by placing Army officers as police prefects in the nine districts in which the country is geographically divided. The new rulers justified the measure with the traditional phrase "agents of the international communist movement are creating disorder."

A communique states: "The National Government Council warns the public that police forces received formal instructions to act with maximum severity to repress attacks against property, goods, or human life." "Consequently, all assemblies in public places are prohibited."

The state of siege continues between 2300 to 0500. Meanwhile, the Haitian people continue to attack the hated Duvalier militia, the "Tontons Macoutes," one of whom was burned alive in the Carrefour District last Friday. He was charged with trying to poison the population's water after "Baby Doc" left.

Communist 'Agitators' Blamed

PA211615 Paris AFP in Spanish 1513 GMT 21 Feb 86

[Text] Port-au-Prince, 21 Feb (AFP) -- The National Government Council of Haiti today charged for the first time that there are "agitators being paid by international communism" in the country. According to a communique issued by the council, the agitators are trying to "provoke demonstrations, create disorders, and promote a climate of insecurity unsuitable for normal social and economic life in the country." The communique recalls the dispositions that were adopted following the departure of Jean-Claude Duvalier on 8 February. According to these dispositions, "all public meetings are formally prohibited and any person caught committing a criminal activity will be considered an outlaw."

The daily LE MATIN (liberal independent) reported today that General Henry Namphy, who heads the government council, this past Wednesday held an "important" meeting with the U.S. ambassador to Haiti, Clayton McManaway, and with people connected to U.S. aid for Haiti to discuss the government's economic program to promote a short-term struggle against unemployment and poverty.

Meanwhile, Hubert de Rocera, one of the six leaders of the domestic opposition to Duvalier, today asked the nation "to neutralize the work of false prophets who want to take advantage of the chaos caused by the overthrow of Duvalier, which was the result of the action and the spirit of sacrifice of the young people of Haiti."

De Rocera also asked the government council to "clearly" state its objectives as a transition government and to produce a program indicating work plans and deadlines. He also called for the creation of a commission that would investigate the work of state institutions and the processes against "notorious" criminals.

The Haitian news media has asked the people to adopt a moderate attitude about their objections against administrative personnel accused of being Duvalierists. The media today reported the return of two political exiles, Dr Louis Roy, who had been residing in Canada; and Priest Antoine Adrien, former director of the Saint Martial School Seminary who was expelled in the 1960's by Francois Duvalier, the late father of Jean-Claude.

Finally, Gabriel Herard, a Haitian politician and correspondent of the center-left and pro-Third World weekly LE PETIT SAMEDI SOIR, has urged Justice Minister Gerard Gourgue, a member of the government council, to initiate a legal process against two former military men who were responsible for the government's political police.

The two are former Colonel Albert Pierre and former Lieutenant Colonel Emmanuel Orcel. Herard accused both of them of having "tortured" and mistreated him when he was in prison.

Herard was freed, along with 25 other political prisoners, the day after the fall of Duvalier, as a result of an intervention in this matter by Gourgue.

POLICE CHIEF GIVEN ASYLUM AT BRAZILIAN EMBASSY

PA230242 Paris AFP in Spanish 0214 GMT 23 Feb 86

[Text] Port-au-Prince, 22 Feb (AFP) -- Former Colonel Albert Pierre, former chief of the Haitian political police and former commander of the police in this capital, has sought shelter at the Brazilian Embassy in Port-au-Prince and was granted political asylum, it was learned today from reliable sources in the Haitian capital.

Albert Pierre, who was accompanied by his wife, Marie Ange, was granted asylum at the Brazilian Embassy with Gener Cotin, another civilian official of the ousted regime's former political police.

Another member of the Duvalier regime, former Deputy Edner Pageotte Andre, an influential member of the Tontons Macoutes militia, has also sought shelter at the Brazilian Embassy, which is heavily guarded by the Haitian Army.

According to the same sources, the National Government Council has granted safe conduct to these four individuals who may travel to Panama on Sunday and then to Brazil.

The Brazilian ambassador could not be reached by telephone tonight.

It was recalled in Port-au-Prince that Gabriel Herard, a Haitian journalist who was recently released, announced in a letter to Justice Minister Gerard Gourgue yesterday his intention to present charges against Albert Pierre for "torture and mistreatment."

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ANDEAN PACT LEADER ALLEGES SYSTEMATIC ATTACKS

FY210241 Paris AFP in Spanish 2330 GMT 20 Feb 86

[Text] Lima, 20 Feb (AFP) -- Andean Pact board coordinator Pedro Luis Echeverria said here today that powerful economic groups are systematically and in a coordinated fashion attacking all multilateral agencies in an effort to destabilize them. He added that industrialized nations prefer to hold bilateral negotiations with developing countries, instead of dealing with organizations in which the latter combine their efforts and their potential to overcome the crisis.

Echeverria, a Venezuelan citizen, was alluding to recent criticism of the Andean Pact, including that in an editorial in Caracas' DAILY JOURNAL, which said that the Pact is in agony and that it would be advantageous to bury it at a discreet and modest funeral. Echeverria said that the Andean Pact is not the only organization that has had to confront problems like the ones that arose in Caraballeda last week. The EEC had to cope with the same problems, and its integration process has not been hindered, he stressed. He said that if an expanded market is created, and if current restrictions are eliminated, the Andean companies will use their idle installed capacity, offer new jobs, and reduce their production costs.

Echeverria concluded by saying that Regulation No 24 (foreign capital regulation) has given the Andean countries access to foreign technology and the chance to develop their own technology.

PANAMA'S ABADIA ON CONTADORA, U.S. INVOLVEMENT

PA231804 Panama City STAR AND HERALD in English 23 Feb 86

[Text] Panama City, (REUTER) -- Panamanian Foreign Minister Jorge Abadia Arias today advised the United States against direct military involvement in Central America. Abadia told a news conference that the Contadora Group, which links Panama with Mexico, Colombia and Venezuela, understood the Reagan Administration's anxiety about the region. But the group had been trying to show President Reagan, "In a decent, friendly and diplomatic way, that the decisions made by superpowers, despite their immense military strength, aren't always the best decisions.

"We think that an armed intervention in Central America would carry with it incalculable future political costs for the United States," Abadia said. He said Contadora foreign ministers would meet again in Punta del Este, Uruguay, on February 26 and 27. This meeting would possibly be followed by a brief visit to Cuba for talks with high-level government officials, Abadia said.

The trip would rain [as published] to narrow differences between "Countries with ties and interests in the region so we can move ahead with a decision supported by all sides," he said. "Despite everything that's been said about Contadora, we believe we're just a short way from a resolution that will bring tranquillity, peace and progress to the area," Abadia said. He was one of eight Latin American Foreign Ministers from Contadora and its Support Group who met in Washington earlier this month to request U.S. support for their efforts to bring peace to Central America. The Foreign Ministers said they sought an end to U.S. support for some 12,000 rebels fighting Nicaragua's leftist government.

Earlier this week Reagan called for \$100 million in aid for the rebels, known as "contras."

FURTHER REPORTAGE ON DELEGATION VISITING UK

Meeting With Labor's Kinnock

PY211327 Buenos Aires DYN in Spanish 2150 GMT 19 Feb 86

[Text] Buenos Aires, 19 Feb (DYN) -- Radical Senator Adolfo Gass today reported that British Labor Party leader Neil Kinnock has promised to start "negotiations immediately" with Argentina over the Malvinas Islands, if his party comes to power after the elections in Great Britain next year. Kinnock said that the British Government would comply fully with all the terms of the UN General Assembly resolutions. Kinnock, who met with the four Argentine congressmen visiting London, said that he "still maintains the same position he expressed when President Raul Alfonsin visited Paris," and added that he would like to meet him again in June in Lima, Peru during the annual meeting there of the Social Democratic International.

In turn, Gass qualified the meeting with Kinnock as "very cordial" and added that the veteran British politician asked the Argentines to pose for a picture with him for the front page of the most important British newspaper. Speaking about Kinnock, Gass said that "he is a young man with a personal charm that greatly facilitates the development of talks."

In a telephone call from London to DYN, the Argentine legislator analyzed the Labor Party's possibilities of winning the next elections. "They are sure that they will win," Gass said. Regarding this subject he said that "the Laborites will have to compete with the forces of the Liberal-Social Democratic Alliance, "which has a great chance of winning according to the latest polls. Many people believe that one of this alliance's leaders will be the future British prime minister, although Gass did not rule out a probable triumph for the Labor Party. He said that "the Labor Party is an important political force (in the United Kingdom) that is attentively listened to by large sectors of the population."

Changing the subject, Gass reported this morning that the four Argentine congressmen had lunch with the main London editorialists, and that in the afternoon (at 1500 UK time) they held a long meeting with the main Catholic Church leaders. The meeting with Kinnock started at 1730, British time, and lasted for an hour [words indistinct] cordial" and of mutual understanding, according to Gass. [quotation mark as received]

Gass also discussed the exchange of views held with the members of the South Atlantic Council, a nongovernment organization formed by Parliament members of all parties, historians, and other personalities from the political and economic life of the United Kingdom. On that occasion, the president of this organization, Edmund Blackmore, an expert on Argentine subjects, said before some 50 people that the visit of the Argentines "demonstrates personal and political courage, because they decided to come to London without thinking of the consequences, which means that they are worthy men who seek peace."

The delegation of Argentine congressmen will meet tomorrow with the influential Anglican Church hierarchy (who represent the religious majority in the United Kingdom) which is seeking "a road of rapprochement between the parties in conflict." This attitude has been condemned by the Malvinas Islands inhabitants who have called the religious leadership members "pro-Argentines." This meeting will take place in the afternoon, while in the morning Gass, Amoedo, Bordon, and Storani will meet with David Owen, leader of the Social Democratic Party.

Social Democrat David Owen

PY211823 Buenos Aires DYN in Spanish 0019 GMT 21 Feb 86

[Text] Buenos Aires, 20 Feb (DYN) -- UCR [Radical Civic Union] Senator Adolfo Gass today stated that "we have convinced the British public that the Malvinas sovereignty issue must be included in any negotiation." He noted that the change that has taken place is due to "a more flexible position that has been adopted in 1982." Gass said that "our visit to the United Kingdom can be described as successful" and that this is "what hurts Margaret Thatcher's Conservative government the most, particularly because we have definitively crushed its plans of making us appear before the world as being against holding serious negotiations."

In a statement made in London, the Argentine senator stressed that "the first defeat that the Thatcher government suffered was that it failed to force us to hold a meeting with a second-level Foreign Office official, a meeting that we had never requested." He alluded to the wide coverage that the British press granted to a meeting that the four Argentine legislators were supposed to hold with Timothy Eggar, a Conservative member of Parliament who serves as a link between the British Foreign Office and the House of Commons.

Gass said that this situation "was badly handled by the British Government" and added that something similar happened when they tried to make it look as if there was a disagreement between the Justicialist Party and UCR Party representatives [in the Argentine delegation], "when in truth "the members of the opposition behaved as if they were members of the administration, in view of the staunch position they uphold on this question."

Regarding their activities today, Gass reported that they met with David Owen, leader of the Social Democrats who, together with the Liberals, have formed a coalition that will participate in next year's election and confront Margaret Thatcher, who hopes to win a third consecutive term. Gass observed that "there is a marked difference" between Owen's position regarding the Malvinas issue and that upheld by Neil Kinnock (Labor Party) and David Steel (Liberal Party), "since in the past Owen was secretary of state for foreign and commonwealth affairs of the United Kingdom."

But Gass admitted that during the talks, which started in an atmosphere of some intransigence, Owen had to finally admit that "in the end we shall have to sit down at the negotiating table, but this will not occur while Margaret Thatcher is in power." Gass added, however, that Owen's opinion is "very important," because he is a former member of the Labor Party. He also described Owen as "a true representative of the British imperturbability."

In addition, he said that everything that he had just said and everything concerning the Argentine position was included in a communique and in a press conference that was covered "by the greatest number of journalists, television cameras and photographers that I have ever seen, which clearly shows the great interest there in our visit."

For his part, UCR Deputy Federico Storani said that "the balance is finally tilting toward the side that believes that a peaceful, negotiated solution to the conflict must be sought." He said that the majority of British leaders, even some Conservative Party members, "are willing to take the first step, that is, to sit down at the negotiating table." Storani said that "this is very important," because it opposes the negative position that Prime Minister Margaret Thatcher has always held.

Answering a question, Storani said that "we are acting according to an overall strategy." He added that they had obviously consulted with the Foreign Ministry. Storani said that he believes that "the visit will be successful" and added that many conservative sectors "believe that the British Government should adopt a more flexible position." He added that "Argentina is willing to take into account the interest of the islanders," as has been repeatedly stated, but that "it will never recognize their desire for self-determination which will lead to an eventual independence of the islands."

Moreover, Justicialist Party Member Jose Octavio Bordon harshly criticized the Conservative government for "indefinitely delaying negotiations on the sovereignty issue by implicitly admitting that it is not possible to discuss something that is improper."

As for the criticisms in Buenos Aires about the mission's activities in the United Kingdom, particularly those of fellow Justicialist Party member Carlos Ferre, Bordon said that "it is all part of the [British] -- ruling party's maneuver to create confusion regarding everything that involves the Malvinas, and that maneuver was joined by other political sectors that have ended up agreeing with the hard-line sectors of the Margaret Thatcher government."

SPANISH SHIP FISHING WITH UK PERMIT DETAINED

PY212227 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2125 GMT 21 Feb 86

[Text] Buenos Aires, 21 Feb (NA) -- A Spanish fishing ship was detained and taken to the port of Bahia Blanca this morning by Argentine Naval Prefecture members who discovered that it was fishing near the Malvinas Islands exclusion zone with a British permit. The ship was ordered to make "a forced arrival" at the port of Bahia Blanca in Buenos Aires Province after Naval Prefecture members requested it to show a fishing permit for Argentine waters and verified that the operation was being carried out under "authorization extended by the United Kingdom."

URUGUAY'S SANGUINETTI ARRIVES FOR VISIT

PY221329 Buenos Aires TELAM in Spanish 1305 GMT 22 Feb 86

[Text] Buenos Aires, 22 Feb (TELAM) -- The airplane carrying Uruguayan President Julio Maria Sanguinetti arrived today at 1045 [as received] at the Metropolitan Airport. During his stay in Buenos Aires, Sanguinetti and Argentine President Raul Alfonsin will discuss issues pertaining to the foreign debt and bilateral relations. The Uruguayan president was welcomed by President Alfonsin with all the honors due a chief of state upon his arrival at the military sector of the Jorge Newbery Airport. After a warm greeting, the two presidents proceeded to review the troops stationed at the airport. The two presidents will meet at the Olivos presidential residence, and once the meeting is over they will hold a press conference.

Joint Statement Issued

PY230041 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2030 GMT 22 Feb 86

[Text] Buenos Aires, 22 Feb (NA) -- In a joint statement, Argentine President Raul Alfonsin and Uruguayan President Julio Maria Sanguinetti today expressed "their strong rejection of protectionist policies and of unfair commercial practices" used by developed countries, especially the EEC and the United States, and warned them that these practices could have "devastating consequences that will undermine the stability of international relations."

The two presidents also [words indistinct] subsidies to exports applied by the nations of the North "are in violation of basic rules governing the right to a free, fair access to all markets and of the very economic principles advocated by the developed countries." They also expressed their "deep political concern over the developed countries' failure to pay attention to this unfair situation."

In their joint statement, the two presidents also expressly referred to the demands of the Cartagena Consensus Group by expressing "their solidarity with all Latin American and developing countries which, like Argentina and Uruguay, are having their chances of achieving growth seriously impaired." The presidents added that these restrictions "stem from the growing financial commitments the debtor countries have had to involuntarily assume and also from the deterioration in the value of their exports provoked by protectionist policies adopted by developed countries."

The joint statement, which was signed this afternoon during a 10-hour visit made to Buenos Aires by President Sanguinetti, adds that "while the foreign debt of debtor countries increases because of the imposition of outrageous interest rates, the value of their export products has declined to all-time low levels." In this regard, they contended that the "dumping" practiced by the EEC has provoked "drops of up to 40 percent in the international prices of our agricultural export products," and that the United States has applied direct subsidies to totaling \$7 billion for exports and \$20 billion for production.

They added that "no satisfactory reply has been given to the just demands of the developing countries," and that the situation has been "seriously aggravated by the competition between the U.S. and EEC agricultural markets." These policies, the two presidents say, "bring about the closing of the developing countries' traditional markets, the substitution of third markets that were habitual purchasers, and the pronounced deterioration of international prices."

Continuing, the text says that "the common agricultural policy subsidizes today up to 80 percent of the internal agricultural prices, thus artificially stimulating production, which generates exportable surpluses that can be sold in the international market only because it is strongly subsidized, to the point that the subsidies can be said to represent the practice of dumping."

The part of the declaration containing the resolutions says:

1. [The two leaders] express their strong rejection of the protectionist policies and the unfair commercial practices used in the international market by the industrialized countries, particularly those of the European Economic Community and the United States.

2. They voice their profound political concern for the lack of attention by the developed countries to this unjust situation, as well as for the dramatic consequences such lack of attention may have for the stability of international relations.

3. They express their solidarity with the other Latin American and developing countries, which, like Argentina and Uruguay, have their growth possibilities hindered by the rigidity imposed by mounting financial commitments stemming from decisions for which the debtor countries are not responsible, and by the deterioration of the value of their exports resulting from the developed world's protectionism.

Sanguinetti Departs

PY230046 Buenos Aires TELAM in Spanish 2223 GMT 22 Feb 86

[Text] Buenos Aires, 22 Feb (TELAM) -- Uruguayan President Julio Maria Sanguinetti returned to Montevideo from the Aeroparque Metropolitan Airport at 1835 after a 10 hour visit during which he signed bilateral integration documents. President Raul Alfonsin was at the airport to say farewell in a ceremony in which military forces rendered the honors.

STATISTICS INSTITUTE RELEASES 1985 TRADE FIGURES

PY212001 Buenos Aires BUENOS AIRES HERALD in English 20 Feb 86 p 3

[Text] (DYN) -- The balance of trade surplus leapfrogged 80 times from three million dollars to 245 million dollars between October, 1984, and the same month last year, the National Statistics Institute (INDEC) announced on Tuesday. Exports climbed from 460 million dollars to 565 million while imports dropped from 457 to 320 million dollars. The balance of trade surplus for the first 10 months of last year was 4.043 billion dollars, and 18.8 percent improvement on the 3.402 billion dollars in the same period of 1984.

PAZ ESTENSSORO DISCUSSES FOREIGN POLICY, DEBT

PY241524 Paris AFP in Spanish 1657 GMT 22 Feb 86

[Text] La Paz, 22 Feb (AFP) -- During the first press conference he has held since assuming office on 6 August 1985, President Victor Paz Estenssoro today noted that there is a worldwide tendency to turn state enterprises over to the private sector. Paz Estenssoro said that this is happening in Felipe Gonzalez' Spain, Francois Mitterrand's France, Raul Alfonsin's Argentina, and Deng Xiaoping's PRC.

Commenting on other international issues, the Bolivian chief executive stressed the pragmatic manner in which Chile has resolved its conflict over the Beagle Channel with Argentina, and the ability of its diplomacy in seeking a rapprochement with Alan Garcia's Peruvian administration. This shows, Paz Estenssoro said, that Bolivia needs a new approach in order to negotiate its century-old landlocked situation with Chile. According to the president, this pragmatic approach should take into account that the economies of Chile and Bolivia can complement each other, opening a broad field for negotiations.

Speaking about the foreign debt, Paz Estenssoro indicated that Bolivia shares the belief of the Third World that collective agreements should be reached. Concerning Bolivia's particular problem, Paz Estenssoro recalled that the country's foreign debt totals \$4 billion, which may be burdensome for the country since exports have dropped to barely \$370 million a year, but it is not a large sum if compared to Latin America's overall debt and this paves the way for negotiations. He explained that in any case Bolivia will not even make a token payment to amortize its debt until it achieves [words indistinct] the agreement reached between Paz Estenssoro's party, the Nationalist Revolutionary Movement (MNR), and General Hugo Banzer Suarez's Nationalist Democratic Action (ADN), which ensures the continuity of the democratic process and the implementation of the government's anti-inflation policy.

Paz Estenssoro concluded by saying that Bolivia's situation will improve in the next 3 months despite the worldwide economic crisis, the way in which industrialized nations burden Third World nations with the consequences of their own problems [words indistinct].

ANTI-DRUG OPERATIONS PLANNED WITH U.S.

PY241730 Paris AFP in Spanish 1431 GMT 24 Feb 86

[Text] La Paz, 24 Feb (AFP) -- Sources close to the U.S. military mission in La Paz reported here today that the U.S. and Bolivian Armies will conduct joint operations in the Chapare areas in Cochabamba Department (central Bolivia), where there are extensive coca leaf plantations intended for the manufacture of cocaine. The sources stated that the joint operations will take place within 60 days as part of the exercises called Bol-USA-2, an acronym formed by the first syllables of the names of the countries participating in the agreement. It was recalled that these tactical exercises, simultaneously aimed at preparing antiguerrilla and antinarcotics actions, were opposed by the Cochabamba peasants during the former government of Hernan Siles Zuazo (1982-1985). However, the operations are now being endorsed by the ruling party, the Nationalist Revolutionary Movement (MNR), and its ally, the conservative Nationalist Democratic Alliance (ADN).

PAPER PREVIEWS U.S. DEFENSE OFFICIAL IKLE'S VISIT

PY221420 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Feb 86 p 2

[By Roberto Godoy]

[Text] The visit that U.S. Under Secretary of Defense Fred Ikle will pay to Engesa [Specialized Engineers, Inc], Avibras Aerospacial [Brazilian Airspace Industry], and Embraer [Brazilian Aeronautics Company], Brazil's larger arms manufacturers, in Sao Jose dos Campos next week has no commercial objectives. Actually, the Armed Forces Staff [EMFA] itself, which is sponsoring the visit, is having trouble explaining Ikle's visit: After all, a secret visit about which the press will receive no information and which will be paid on an undisclosed date can hardly be called a courtesy visit. Yesterday, an assistant EMFA officer briefly said that Ikle will fulfill "a technical agenda" in Brazil.

Ikle will arrive in Sao Jose dos Campos at a time when the three manufacturers that he will visit are engaged in various projects involving the United States. The U.S. Army is testing two Engesa Urutu EE-11 amphibious armored cars as troop carriers. Embraer has just been formally qualified in the call for bids to provide 650 Tucano training aircraft to the U.S. Air Force. Avibras has begun company-level contacts with a major U.S. corporation with the objective of exchanging technology. But this is not all.

From a political viewpoint, Ikle will want to know whether the provision of arms and defensive weapons to openly anti-U.S. countries like Libya, or to countries that the Pentagon considers "potentially dangerous," like Iraq, entails any risk to U.S. interests. Some of the experts in Ikle's entourage certainly will observe the Engesa EE-T1 Osorio tank, which was the winner in a series of tests performed under extremely harsh conditions in Saudi Arabia. These tests were carried out to determine the most suitable tanks. Beyond all doubt, the experts will also pay particular attention to the Avibras Astros II [multiple rocket launcher system] being built by the LTV consortium of Dallas. (The Brazilian weapon has more operational flexibility and is cheaper).

From a strategic viewpoint, Ikle will be directly interested in the Brazilian parallel military nuclear program, which is being slowly but firmly carried out at the Air Force airspace center and in similar Army and Navy agencies. Even though the timetable of this program is being complied with as scheduled, Ikle will probably hear the official contention that the program respond to a scientific research plan aimed at developing Brazilian nuclear technology, and that the decision on what will be done with this technology will be political in nature and will be made by the government, probably in 1990. Nevertheless, the fact of the matter is that the Navy is already developing engineering studies for a nuclear submarine using a compact reactor designed by Navy technicians.

Despite the fact that it has not been mentioned even for "off" [preceding word in English] the record discussion, Ikle will want to hear what the Brazilian military has to say about the expanding activities of guerrilla groups, like Colombia's M-19 and Peru's Shining Path. He will also want to discuss, even unofficially, the possibility of creating an inter-American peace-keeping force that would act in Central America under the terms of the Rio de Janeiro Treaty, in case of a Nicaraguan aggression against any country of the region.

Finally, from a merely operational viewpoint, Fred Ikle will strengthen the U.S. promise to support the Brazilian Air Force efforts to bolster its squadrons with 26 used 5D Tiger II supersonic fighters. But this is nothing new.

PMDB LEADERS QUESTION CONGRESSIONAL ROLES

Cabinet Meeting Missed

PY212055 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 21 Feb 86

[Text] President Jose Sarney has asserted that the government leadership in Congress will continue to be exercised by a member of the PMDB [Brazilian Democratic Movement Party]. With this statement Sarney put an end to the speculation that the position of Senate leader, held by Senator Fernando Henrique Cardoso, who did not attend the Cabinet meeting ceremony, would go to the Liberal Front Party.

The PMDB leader in the Chamber of Deputies, Deputy Pimenta da Veiga, has labeled his own absence from the meeting of the new Cabinet as a precautionary measure. He pointed out that the majority of the PMDB bloc is discussing the question of whether one congressman should be party bloc leader and government leader at the same time, and that this is the reason he did not feel obligated to attend the meeting. The second leader of the PMDB in the Senate, (Oliveiro), labeled Pimenta's gesture as childish. He added that his absence from the meeting was to protest the manner in which the ministerial reform was carried out.

Ulysses Guimaraes, PMDB president in the Chamber of Deputies, said that Pimenta's absence from the Cabinet meeting was not an affront to President Sarney. Guimaraes added that Pimenta justified his absence by saying that he needed to know the PMDB bloc and National Directorate positions. These groups will meet on 4 and 6 March. Regarding Sarney's speech Guimaraes said that if the guidelines given by the president are followed they will be beneficial.

Da Veiga Explains Absence

PY221408 Rio de Janeiro O GLOBO in Portuguese 21 Feb 86 p 2

[Text] Brasilia -- The Brazilian Democratic Movement Party [PMDB] leader in the Chamber of Deputies, Pimenta da Veiga, will not be the government leader in Congress until his party decides whether he can be the party bloc leader and government leader concurrently. "I do not feel authorized to hold the two positions until the party bloc meets," Pimenta said. He justified his absence from the first Cabinet meeting as "simply a precautionary measure," because "it would be senseless to participate in such a ceremony when the government leader should be present while the whole party bloc is questioning whether the two positions should be held simultaneously."

"Does this mean that you no longer are responsible for the government leadership?" a reporter asked Pimenta. "This is a recess period. The government does not need a leader in Congress," he replied harshly, and requested that the subject not be over-emphasized since it was "a simple omission, to say the least."

Pimenta reported that President Sarney was told about his absence from the Cabinet meeting beforehand, but he did not reveal how he informed the president. "I reported my position through the same means that the invitation was sent. I will not give details," he said. He said that the president's proposals in his speech during the Cabinet meeting were correct, "because they are in keeping with the commitments assumed by the Democratic Alliance government."

Sarney Says PMDB 'Pacified'

PY241720 Rio de Janeiro O GLOBO in Portuguese 21 Feb 86 p 2

[Excerpt] Brasilia -- "The PMDB [Brazilian Democratic Mobilization Party] is strong and pacified, and it will not surrender its leadership of the government bloc in the Chamber of Deputies. It is our party," President Jose Sarney stated yesterday while walking rapidly down the corridor of the third floor of Planalto Palace on his way to a surprise party for General Ivan de Souza Mendes, chief of the SNI [National Intelligence Service], who will celebrate his birthday tomorrow. The conversation did not last long because the president did not stop:

[Unidentified reporter] Mr President, what is the status of the PMDB?

[Sarney] Firm as always. It is our party.

[Reporter] Do you believe that the PMDB will give up its leadership of the government bloc in the Chamber of Deputies.

[Sarney] Under no circumstances. The party has been pacified.

FUND SHORTAGE AFFECTS NUCLEBRAS PROGRAMS

PY221432 Brasilia Radio da Amazonia Network in Portuguese 0900 GMT 22 Feb 86

[Report by Antonio Carlos]

[Text] Nuclebras [Brazilian Nuclear Corporations, Inc] President (Mecias Ceabra) yesterday stated that the energy supply in the southeastern and south-central regions of the country may be affected in 1992 if Nuclebras programs are not finished within the established schedule because of the shortage of funds. This situation also affects the ANGRA II and ANGRA III nuclear plants, which are included in the Eletrobras [Brazilian Electric Power Companies, Inc] electrical system budget and which are scheduled to be operating by 1992 and 1995, respectively. In addition, programs will be rescheduled and, consequently, more funds will be needed, (Mecias Ceabra) explained. [recorded passage indistinct]

About \$2 billion must be invested to finish building the ANGRA II and ANGRA III Plants. Once in operation, the two nuclear plants will produce 2.6 million kilowatts. A task force that was established this month is presently studying the budget that has been allocated to finish the construction programs within the established deadline. This task force is made up of members of Seplan [Secretariat of Planning], the Finance Ministry, and the Mines and Energy Ministry. The study must be concluded by the end of April.

BUENOS AIRES HERALD DISCUSSES MERCHANT FLEET

PY212023 Buenos Aires BUENOS AIRES HERALD in English 20 Feb 86 p 11

[By Geraldine Upton]

[Text] A number of important developments are now underway in Brazil as regards shipbuilding and also the shipping of huge quantities of ore and lesser quantities of grain mostly to the Far East, in particular to Japan, China and eventually S. Korea. Brazil's Merchant Marine Fund (FMM) will this year make available ample funds for financing new buildings in the country's work-starved shipyards, and the signing of various contracts for merchant ships is said to be imminent. Attention is also being paid to a shuttle service between Brazil and the Far East involving ultra large bulkers and combined shipments of ore and grain using smaller vessels in conjunction with the Japanese Ministry of Transport.

Perhaps these moves will help Brazil to recover her previous position in the world shipbuilding league. At the end of the third quarter of 1978 Brazil figured second, surpassed only by Japan, with her total order book (ships under construction and those on order but not commenced) standing at 199 vessels of 2,969,591 tons gross. She remained in that position for two years until S. Korea moved up to second place and remained there ever since. Brazil then hovered between fourth and sixth on the list until the first quarter of 1984 when she moved up to third slot with 73 vessels of 1,619,569 tons and stayed there for one year until China and Taiwan moved up to third place.

Mid-1985 found Brazil with the smallest total order book since the end of 1972, namely 53 ships of 1,150,370 tons and there was only a slight improvement by the third quarter of last year to 47 vessels of 1,170,642 tons. Brazil was then fifth in the shipbuilding league, in both quarters, after Japan, S. Korea, China and Taiwan and Poland. Her best total order book has been at the end of 1975 when it comprised 245 vessels of 3,573,930 tons, although that earned her only eighth place, following Japan, Sweden, the U.S. the UK, France, Spain and W. Germany.

Now there are hopes of recovering some of the lost ground as the FMM will make available this year 12.3 trillion cruzeiros (680 million dollars) for new orders. This follows three years of control of the fund by the State Economic and Social Development Bank (BNDES) which was appointed in 1983 when the FMM ran out of funds.

Since that date the BNDES has released some 315m dollars for building about nine merchant vessels and 24 offshore supply ships totalling around 613,000 tons d.w. However, the secretary general of the Transport Ministry, Marcelo Perrupato, now hopes that the injection of new finance will secure domestic orders of up to 1m tons d.w. for Brazil's yards. According to Sinival, the Association of Shipbuilding Industries, the yards' output last year totalled 747,100 tons d.w., an improvement of 15 percent over the 1984 result, but still small for a sector with the capacity to build up to 2m tons d.w. a year. There are also plans eventually to extend financing arrangements to export orders, but it is considered that this year FMM's resources are likely to be restricted to domestic projects.

The managing council of the FMM has provisionally accepted, amongst other financing requests, those for two or possibly three superbulkers of about 360,000 tons d.w. each for Docenave, the shipping arm of Cia. Vale do Rio Doce (CVRD), Brazil's state-owned mining company. The country is seeking to sell more ore and grain to the Far East and is trying to boost its competitiveness with suppliers who are nearer, such as Australia.

With this end in view, Docenave is endeavouring to establish a shuttle service between Brazil and the Far East with the ultra large bulkers, taking ore on the outward trip and returning empty, and it is also trying to arrange combined shipments of ore and grain in vessels in the 135/170,000 tons d.w. bracket. Docenave now has five such vessels under construction in Brazil, and when all are delivered by 1988 they will partly replace aging ore/oil carriers. Docenave discarded previous ideas of constructing more "combos" as domestic oil production is rising and Brazil has no need to increase imports. However, Brazil has agreed to increase its purchase of Chinese crude oil by 10,000 barrels a day to 57,000, but has insisted on having the option to export the additional volume.

One of the advantages of the shuttle is that ordinary bulkers can be used and are cheaper to build than combination carriers. Another point in their favour is that no major investment in port facilities would be required in Brazil as CVRD's two principal ore loading terminals -- Ponta da Madeira, the Carajas port, and Turbarao -- could handle superbulkers although full loading at berth would not be possible at the latter.

As suitable port facilities already exist in the Far East, the service would depend on transshipment facilities to allow for delivery to different destinations within the region. A transfer station would be required to transship the cargoes to smaller vessels for oncarriage to their final destination. A commission consisting of representatives of the transport, mines and energy and agricultural ministries -- including Docenave's commercial director, Hugo Figueiredo -- is now examining the question of this new facility, including its location.

At Tubarao plans are now being prepared to build a vertical and a horizontal silo, and to convert the No 1 pier for grain loading. The combined shipment of ore and grain was proposed as a way of reducing the cost of transporting grain to Japan, as this usually go in Panamax size vessels. According to CVRD's president Eliezer Natista, the rate for grain to Japan could be reduced from 30 dollars a ton d.w. to 14 dollars or less. Combined shipments, he said recently, hold out the prospect of additional exports worth 4bn dollars for Brazil. Greatly reduced freight rates are also visualized for ore in superbulkers at 9 dollars per ton d.w. compared with 12 dollars for vessels of around 150,000 tons d.w.

IRANIAN COMMERCIAL MISSION PAYS VISIT

PY241336 Brasilia Radio Nacional da Amazonia in Portuguese 0900 GMT 24 Feb 86

[Text] An Iranian commercial mission is visiting Brazil. The members of the mission are scheduled to hold meetings with representatives of the industrial, iron and steel, and oil sectors, as well as with Brazilian Government officials. During their 10-day stay in our country, the Iranians will visit Sao Paulo, Rio de Janeiro, Brasilia, and Belo Horizonte. The objective of the mission is to strengthen bilateral commercial ties.

SARNEY'S HEALTH REPORTED GOOD AFTER TESTS

PY221629 Sao Paulo Radio Bandeirantes in Portuguese 1500 GMT 22 Feb 86

[Relay by Neuton Flora]

[Excerpt] Early this morning, at about 0820, President Sarney left [name indistinct] Hotel and went to the Heart Institute, where he underwent two routine checkups, according to his doctor, Dr Mecias de Araujo, Jr. Sarney underwent a test for aggregation of plaques that is, a blood test, and an echocardiogram, that is an echocardiography. According to Dr Mecias, these are all routine tests that will complement a checkup that President Sarney will undergo in March in Brasilia. Sarney is in good health. His blood pressure is 12/8 and heart beat 68.

DEL VALLE SATISFIED WITH BOLIVIAN STATEMENTS

PY242036 Santiago Domestic Service in Spanish 1630 GMT 24 Feb 86

[Excerpt] Foreign Minister Jaime del Valle has expressed his satisfaction with the statements made by the Bolivian president concerning a rapprochement between the two nations. Minister Del Valle said that the statements made by President Victor Paz Estenssoro fully agree with the statements repeatedly made by the [Chilean] Foreign Ministry.

[Begin Del Valle recording, in progress] ... with satisfaction because in his statements the Bolivian president agrees with something we have repeatedly said, namely that it is essential for these two nations to seek rapprochement, and indeed increasing trade is one of the many ways to do it. Thus, we agree with his statements and I believe that they also agree with what we have been saying for a long time. [end recording]

GOVERNMENT AUTHORIZES RETURN OF 47 EXILES

PA210123 Paris AFP in Spanish 2357 GMT 20 Feb 86

[Text] Santiago, 20 Feb (AFP) -- According to the Interior Ministry, the Chilean Government today authorized 47 exiles who obtained political asylum in various countries during the past 12 years to return to the country. In a communique, the National Division of Social Communication [Division Nacional de Comunicacion Social] noted that these people -- who include 23 women but no political leaders -- may enter Chile beginning in March. It added that favorable consideration was given to the requests filed by these people "in keeping with the Interior Ministry's permanent work of reviewing the requests for reconsideration filed by persons who would have been denied entry into the country."

Last September, General Augusto Pinochet's regime authorized 482 exiles to return to Chile. It was reported at that time that the prohibition to return remained in effect in the case of 3,678 refugees, of whom 47 may now return to Chile. In recent reports, the Catholic Church and the Chilean Commission on Human Rights estimated that 160,000 refugees have left the country under the military regime.

COMMUNIST PARTY ISSUES 1986 MANIFESTO

For the "text" of the Chilean Communist Party Manifesto transmitted by Moscow in Spanish to Chile see the Latin America & Caribbean section of the 21 February Soviet Union DAILY REPORT.

BRIEFS

CENTRAL BANK RESERVES DROP -- Santiago, 15 Feb (EFE) -- According to the Central Bank, at the end of 1985 Chile's gold and foreign currency reserves totaled \$1,866,700,000, which represents \$189,200,000 less than in December 1984. According to the same report, in 1985 the country's balance of payments showed a deficit of \$98.6 million and the trade balance a surplus of \$795 million. [Text] [Paris AFP in Spanish 1453 GMT 15 Feb 86 PY]

CASH RESERVES, BULLION BROUGHT FROM SWITZERLAND

PY242206 Paris AFP in Spanish 2030 GMT 24 Feb 86

[Text] Lima, 24 Feb (AFP) -- According to the weekly CARETAS, Peru has removed some \$500 million of its reserves from Switzerland and bought 70 tons of gold bars which are being secretly transported to Lima. This transaction, confirmed at noon today by the minister of the presidency, Nicanor Mujica, was carried out by the Peruvian Government to avoid possible embargoes by the foreign banking sector, especially the U.S. banking sector, according to the magazine CARETAS. Recently, and for the second time, Peru unilaterally postponed the payment of more than \$4 billion of its 1985 and 1986 obligations, this out of a total \$14.0 billion foreign debt.

The Peruvian dollar reserves were removed from U.S. banks last year, and deposited with the International Settlement Bank in Basle, Switzerland. According to official estimates, Peru's current net reserves amount to some \$1.5 billion, and the gross reserves, to \$2.726 billion.

On Sunday, President Alan Garcia warned the Peruvian citizenry that they should be prepared for international pressure and possible embargoes due to the government's decision to amortize its debt with only 10 percent of its export revenues and without the IMF's interference. Minister Nicanor Mujica stated that when a country has reserves and there is the threat of an embargo it is better to withdraw those reserves while possible than to have them remain 'in others' hands. The minister of the presidency added that one must have confidence in the president of the republic's capacity, integrity, and intelligence. If this has been done it was to safeguard the country's interests.

According the CARETAS, Peru decided to withdraw its reserves after the Swiss bank notified the Central Bank that it could not receive any more deposits and that it should reduce its deposits. CARETAS said that Peru started removing the gold from Switzerland last week in two Swiss planes that had been secretly contracted and that landed at an air base near the Jorge Chavez Airport in Lima. The magazine also disclosed a legal report from the Reserves Central Bank warning the Peruvian Government that the deposits in the Swiss bank were vulnerable to embargoes and it was recommended that they be transferred to Lima. The magazine also said that converting a substantial portion of the Peruvian reserves into gold could also be dangerous due to the declining price of the metal as well as the loss of some \$40 million per year that the government would no longer receive in interests (8 percent) on these deposited reserves.

FRENCH ACCEPT REDUCTION IN MIRAGE PURCHASE

PY221625 Lima Panamericana Television Network in Spanish 0200 GMT 22 Feb 86

[Text] The French Government today informed the Peruvian Government that it is willing to help iron out the problems surrounding the purchase of 26 Mirage jets. [Peruvian Foreign Minister Allan] Wagner talked to Panamericana Television at the end of an unscheduled meeting he held this afternoon with his French colleague, Roland Dumas, a little while before taking the plane that will bring him back to Lima. Let's listen to the exclusive interview Foreign Minister Wagner granted to Enrique Villela:

[Begin recording] [Villalela] Hello, is this Foreign Minister Allan Wagner?

[Wagner] Yes, who is speaking?

[Villalela] We are speaking from Panamericana Television Network.

[Wagner] Good evening, how are you?

[Villalela] Good evening, sir. We understand that the French Foreign Ministry has already made a decision regarding a revision in the contract for the purchase of the Mirage jets, pertaining to Peru's decision to reduce the number of jets to be purchased. We would like to learn some more about this and your views on this issue.

[Wagner] I will be very glad to do so. I have just held another meeting which lasted a couple of hours with French Foreign Minister Roland Dumas. During the meeting he officially informed me that the French Government has accepted Peru's proposal to reduce the number of jets that were ordered by the previous Peruvian Government, as was announced by Peruvian President Alan Garcia in his inaugural speech on 28 July 1985, and that France is willing to find the best suitable solution so that this plan can materialize. We exchanged opinions in this regard with Foreign Minister Dumas, and of course I will inform the president about them. In this regard, I believe that we achieved an important political step since this is the first time the French Government has officially informed us about its political decision to accept President Garcia's proposal and at the same time expressed its willingness to help us in our decision to reduce the number of Mirage jets to be purchased, something that is very important for the development of our country. [end recording]

FINANCE MINISTER ALVA DISCUSSES FISCAL DEFICIT

PY241827 Lima Panamericana Television Network in Spanish 0130 GMT 24 Feb 86

[Interview with Finance Minister Luis Alva Castro by unidentified reporter -- place and date not given]

[Excerpt] [Reporter] Our first question is about an article published in a Lima newspaper stating that the fiscal deficit is so big that it cannot be handled. How true is this statement?

[Alva] Well, it is a statement made about a given period, but I want to point out that no one can make such an emphatic statement based only on hypotheses which will not come true. I assert that these hypotheses will not come true, because we have definitively proven this by closing the 1985 balance practically without a central government deficit. There has been a deficit, but in 1985 it was balanced; from January to December the deficit was 0.2 percent -- almost zero.

This proves...[Alva changes thought] because it has also been said in the past that the 1985 [year as heard] deficit would be very big. It will not be so; I have great hope and faith that from the fiscal and financial point of view the productive sector will respond to the effort and sacrifice announced by President Garcia to all Peruvians, in order to steadily revive the national economy. And we believe it will be like that, because we know all Peruvians, particularly the businessmen, understand that it is necessary to put the productive sectors into operation, to revive the economy, and to create productive jobs, as we Peruvians have so long expected. This will work out, the fiscal revenues will improve, and what is now an initial sacrifice will bring about positive responses and will benefit the great majority of Peruvians.

PAPER VIEWS SANGUINETTI-ALFONSIN MEETING

PY241515 Madrid EFE in Spanish 0223 GMT 23 Feb 86

[Text] Montevideo, 23 Feb (EFE) -- The newspaper EL PAIS today noted that the political will of the Uruguayan and Argentine presidents "to confront bureaucracy and private interests" in Argentina will result in more dynamic bilateral trade. In its regular political commentary column entitled "The Back Room," the influential Montevideo newspaper stressed that yesterday's economic negotiations between Uruguayan President Julio Maria Sanguinetti and Argentine President Raul Alfonsin were characterized by "give and take and an inch-by-inch struggle." The columnist said: "The presidential summit yielded positive results because the presidents imposed their strong political wills."

EL PAIS added that "first the experts and high-ranking government officials and then the presidents themselves repeatedly collided with the opposition of different Argentine sectors." The newspaper noted that the commitment that the two presidents signed in May 1985 in the city of Colonia -- through which up to 5 percent of Uruguayan products are allowed to enter the Argentine market duty-free "almost fell through." The Colonia agreement was opposed by Argentine businessmen, and trade was carried out with much difficulty, according to what Uruguayan exporters have repeatedly reported.

The Montevideo newspaper reported today that "the Uruguayan president was not in an optimistic mood as he entered the Olivos presidential residence (in Buenos Aires)." EL PAIS stressed that at the Sanguinetti-Alfonsin meeting "a change of course changed the situation (regarding bilateral trade) and the doors have again been opened" for Uruguayan products on the Argentine market.

SENATE REJECTS TWO AIR FORCE PROMOTIONS

PY211313 Montevideo Radio El Espectador Network in Spanish 0930 GMT 21 Feb 86

[Excerpt] The Senate has rejected the promotions of two Air Force generals that had been decreed by the executive branch. The National Party and the Broad Front approved a motion rejecting these promotions. After a 2-hour debate, the Colorado Party voted against the executive branch decision. Moreover, it was decided that the legislators' position regarding the enforcement of Act No 19 will be submitted to the executive branch. As has been reported, in keeping with Act No 19 President Sanguinetti promoted Air Force Colonels Pache and Orique to the rank of general.

VARIOUS SECTORS SUPPORT PRESIDENT'S ECONOMIC PLAN

PA241552 Mexico City XEW Television Network in Spanish 1300 GMT 24 Feb 86

[Excerpts] President Miguel de la Madrid's speech favoring economic adjustment and the negotiation of the Mexican foreign debt is receiving increasing support. The organized labor movement expressed its support after an almost 2-hour meeting of the 34 organizations that comprise the Labor Congress. They pointed out that the drastic drop in oil prices and the lack of solidarity from the industrialized countries have led to the worsening of the economic problems of the creditor [as heard] nations, including Mexico. The Labor Congress warned that if reasonable measures are not adopted, the financial world and Mexico might experience an unprecedented crisis. Regarding the foreign exchange policy, the Labor Congress stressed that there must be reformulation and strengthening of the measures to avoid flight of capital, speculation with the exchange rate, and inflationary repercussions.

The oil workers union has also expressed its support for President Miguel de la Madrid's speech to the nation on Friday. Here is report by Genaro Arco, correspondent in Tamaulipas:

[Begin recording] The oil workers union has expressed its full support to President De la Madrid. Joaquín Hernández Galicia, director of social projects of the Pemex union, said that the oil workers' loyalty to the Mexican president is not in doubt nor does it have to be discussed because it is a lifelong commitment of those who work in the important industry.

Hernández Galicia issued a call for unity around President De la Madrid. Speaking before José Santos, secretary general of the oil workers union, Senator Salvador Barragán Camacho, and 12,000 oil workers, he urged the Pemex leaders to reduce superfluous expenses. Now is the time to be patriots not just of word but of deed, he said. [end recording]

On his part, Nicolás Madahuar, president of the Confederation of National Chambers of Commerce, Concanaco, said that the government maintains firm and sure leadership. The Concanaco president said that the chambers of commerce support the president's position on the external sector. He said that President De la Madrid's speech gives confidence to the Mexican people and permits the drawing up of medium-term plans to cooperate with the government and its administration. Madahuar attended the swearing-in of José Chapul as new president of the Yucatan Chamber of Commerce.

EXPORT OIL PRICES TO BE ESTABLISHED DAILY

PA230444 Paris AFP in Spanish 0329 GMT 23 Feb 86

[Text] Mexico City, 22 Feb (AFP) -- Mexican oil export prices will be established on a daily basis, according to the quotations for the most marketed crude oil on the international market, effective 1 March, it was reported today by Pemex.

Until now, each month Mexico announced the oil prices that it would enforce on a retroactive basis.

Pemex stated in a communique that the adopted measure does not mean it will abandon the permanent contracts with its clients, and it does not represent a participation in the spot market.

Every month the state-owned enterprise will report the average prices established for each of the regions in the world where it sells its oil.

Pemex, the communique concluded, was compelled to modify its price policy due to the unstable crude oil market, but its export level, which was established at 1,500,000 barrels per day, will remain unchanged.

SOVIET AMBASSADOR ON TRADE TALKS, U.S. POLICY

FL241956 Mexico City NOTIMEX in Spanish 1825 GMT 22 Feb 86

[By Blas Alejo Buendia]

[Excerpts] Mexico City, 22 Feb (NOTIMEX) -- Soviet Ambassador to Mexico Rostislav Sergeyev said in an interview that Mexico and the Soviet Union will continue, as they have for years, developing a mutual economic-trade cooperation. Some programs may become operational this year and may help Mexico in controlling its economic crisis, said Sergeyev.

The ambassador said Mexico and the Soviet Union will form a joint trade commission in which economic aspects will be studied. Sergeyev did not indicate what projects this would include, but he confirmed that there would be trade negotiations between the two countries within the next few months.

In reference to the Central American conflict, the ambassador was asked: What would be the most suitable road the two superpowers could take to achieve peace in the area, and what should the Contadora Group do in this respect?

Sergeyev said: The Soviet Union is in favor of a peaceful solution in Central America. We think, he said, that the Central American conflict is part of a policy of pressure and threats, especially against Nicaragua, where foreign forces are trying to intervene in their affairs and impose a foreign order to that country's people, depriving them of freely selecting their own destiny.

He affirmed that the Soviet Union is respectful of sovereign rights and expects a just political arrangement to end the warlike situation in Central America.

In reference to the Contadora Group, the ambassador praised Mexico's position that, along with other countries like Colombia, Venezuela, Panama, and a support group of nations is trying to settle the situation peacefully by negotiations but without interfering in the domestic affairs of the area countries.

The diplomat stressed: The Soviet Union feels that the East-West conflict is not reflected in Central America. Sergeyev said this theory, which has just recently developed, is totally false and is being made to disorient the governments of the world. On the use of science and technology in space, the ambassador said: The Soviet Union has had a program for the peaceful development of space since 1985.

Sergeyev said on 20 February that the Soviet Union launched a new space vehicle for peaceful purposes as its name indicates. Its purpose in space will be to conduct social experiments, not military, said the ambassador.

The Soviet diplomat said that the United States is, however, preparing a program for the military use of space. The Soviet Union, he said, is completely against this type of program and we have proposed a counterprogram.

We have agreed, said Sergeyev, to develop a better technology along with the United States for the benefit of the human race.

A few years ago, said the ambassador, we had joint projects with U.S. astronauts and after the first achievements were made by the two countries, the United States unexpectedly interrupted the normal process. Currently, he said, we have proposed that the United States continue with that joint program for the peaceful use of space.

Nevertheless, when asked about the U.S. program called "star wars", Sergeyev said: The United States is trying to begin a new round of the arms race in space. It is very dangerous to have this type of program, he said. The placement of rockets and other cosmic apparatus for military use would create a direct threat not just for the Soviet Union, but for the rest of the world, he added. That is why the Soviet Union is against the "star wars program", concluded the Soviet ambassador.

INDUSTRIAL PRODUCTION ACHIEVES 6 PERCENT GROWTH

PA211947 Mexico City EL DIA in Spanish 15 Feb 86 p 8

[By Maria de Jesus Espinoza]

[Text] According to a preliminary estimate made by the National Bank of Mexico, Banamex, the growth of industrial production in 1985 was 6 percent, which means that there was a slight slowing of the rate of growth, which had been 6.3 percent until November. The report adds that manufacturing, the main activity of the industrial sector, had an 8 percent growth during the year.

The decline in the industrial growth rate was caused by a reduced production of automobiles, household appliances, beer, steel, iron and steel products, and electricity.

According to Banamex specialists, automobiles had the biggest increase in the manufacturing industry, despite a 54-percent average increase in their prices.

Second were electronic equipment and household appliances which also had a 50-percent price increase. Beer, with a 60-percent price increase, also gave a good showing.

This means that liquidity remained high, although there was an increase [repunte] in the exportation of some items. [sentence as published] The production of goods such as cement; chemical fibers; and steel plates, sheets and bars exceeded the 1984 figures by 6 - 15 percent. However, iron and steel products for construction declined.

Likewise, crude oil extraction reached 2.194 million barrels a day, an increase of 1 percent over 1984. The production of hydrocarbons grossed 0.7 percent more, while the decline in gasoline, fuel oil, and jet fuel [turbosinas] was offset by the increased production of diesel and liquified gas.

Finally, the report points out that the added value generated by the assembly plants was \$114 million as of September, which is 11.3 percent higher than in the same month in 1984. The total revenue from this sector was \$997 million. Thus, it can be anticipated that by the month of December, the \$1.3 billion goal for the whole year will have been reached.

DEMONSTRATORS PICKET U.S., HAITIAN EMBASSIES

PA241311 Panama City LA PRENSA in Spanish 23 Feb 86 p 2a

[By Allan Perez]

[Text] Members of the Panamanian Committee Against Repression and for Human Rights have picketed the Embassies of the United States and Haiti to demand the repatriation of former Haitian President Jean-Claude Duvalier to put him on trial for the crimes he has committed.

The picketing began at approximately 1230 in front of the Haitian Embassy, located in the San Antonio Building, in front of the Granada Hotel. Later, the picketers went to the U.S. Embassy.

Speeches were delivered by Abraham Bell, a professor who spoke on behalf of the Patriotic Civic Committee Against Fraud; Roberto Arosemena Jaen, member of the Popular Action Party; and Nelson Reyes, of the Socialist Workers Party.

All the participants called for an end to U.S. aid to the Philippines and other dictatorial regimes supported by the giant to the north.

The picketers seriously questioned U.S. meddling in the domestic affairs of Panama, as well as General Manuel Antonio Noriega's relations with top U.S. authorities, relations that weaken the integrity of the Panamanian people.

The demonstrators were carrying posters with slogans against gringo repression. One poster said: "Yankee hands out of Haiti, the Philippines, and Panama."

At both picketing sites, the presence of Armed Forces traffic policemen and G-2 [military intelligence] units was evident. No incidents took place, though.

Duvalier left Haiti on 7 February in a U.S. Air Force plane to receive temporary asylum in France, thus putting an end to a family reign that lasted 28 years.

SECURITY COUNCIL TO DISCUSS DAVIS' STATEMENTS

PA250233 Paris AFP in Spanish 0027 GMT 25 Feb 86

[Text] Panama City, 24 Feb (AFP) -- Panamanian Foreign Minister Jorge Abadia reported today that Panamanian President Eric Delvalle will convoke the National Security Council tomorrow to analyze "the seriousness" of recent statements by Arthur Davis, the new U.S. Ambassador to Panama, on Panama's domestic policy. On leaving the presidential palace this afternoon, Abadia said that the council will consider the possibility of declaring Davis persona non grata and withdrawing the Panamanian Government's approval of his designation.

It has been reported that several sectors have requested this, including the Torrijist ruling majority party, the Democratic Revolutionary Party. After a cabinet meeting that evaluated the official transcript of Davis' statements, Abadia said that the statements are being duly considered.

Davis said in the United States that when he arrives in Panama "he will persist" until the murder of ex-Health Minister Hugo Spadafora, killed in 1985, "is clarified" and until "the civilians rule over the military."

On behalf of President Delvalle, Abadia appealed to the people "to stay united to safeguard dignity and prevent intervention in our domestic affairs at all costs."

In addition, Colonel Roberto Diaz Herrera, Defense Forces' chief of staff, has indicated that the military is on the side of President Delvalle and Foreign Minister Abadia.

The security council is formed by President Delvalle, the Defense Forces' commander in chief, the head of military intelligence, and the foreign, planning, government, and justice ministers.

PRD Communique Rejects Remarks

PA221810 Panama City LA ESTRELLA DE PANAMA in Spanish 22 Feb 86 p 1

[Communique issued by the National Executive Committee of the Democratic Revolutionary Party (PRD) in Panama City on 21 February 1986]

[Text] The Panamanian people have learned with general disgust about the unheard-of statements made by the new U.S. ambassador to Panama, Mr Arthur Davis, to a U.S. Senate subcommittee. Information in these statements was based on reports in a local newspaper known to be tendentious. This newspaper, with shameless satisfaction, has not duly and patriotically rejected Mr Davis' irresponsible statements, but on the contrary has extolled them.

The statements by the new ambassador, as well as the attitude of that newspaper, deserve a strong rejection by all Panamanians. According to that newspaper version, the appointed ambassador used proconsular and disrespectful language that affects national dignity and is unbecoming to U.S. diplomatic standards.

According to the source, Mr Davis "warns" the Panamanian authorities about what they should and should not do and bases his opinion on the falsehoods and slander spread by that newspaper. Mr Davis flagrantly meddled in Panama's domestic affairs, which are the exclusive concern of our people and their constitutional authorities only.

Those statements are an expression of the campaign that a State Department sector has mounted to force us to accept unpopular demands on how to conduct Panama's policies. This is part of the same plan calling for aligning Panama with a warmongering strategy aimed at creating the conditions for an intervention in Central America. This campaign is being waged with the complicity of an antipatriotic local group that dedicates itself to conspiring at the side of certain U.S. authorities.

In defending national dignity and the honor of all Panamanians, the PRD condemns the meddling arrogance of the designated ambassador and repudiates the lack of patriotic dignity of the editors of the newspaper. This nation has a lengthy and heroic history that speaks of a people who defend their sovereignty. The Torrijists will never allow the smearing of the nation's dignity, and we will demand, as always, the most absolute respect for the domestic affairs of the country, because we are not and we will never be a colony or a protectorate, regardless of what foreign power or what domestic servant may want to subdue our fatherland.

This is the country of the Panamanians, and the Panamanians only. We will never renounce our inalienable right to decide, with independence and dignity, on what the nation's future will be.

Union Condemns Statements

PA231345 Panama City LA REPUBLICA in Spanish 22 Feb 86 pp 1, 16

[Text] In a communique issued this morning, which appears below, the Union of Natural Leaders [Union de Dirigentes Naturales] through its president, Ramon Ashby, has said:

Recent statements by Mr Arthur Davis constitute disrespect for the self-determination of the peoples and open meddling in the internal affairs of our country.

This man's statements definitely violate the most basic norms of contemporary diplomatic ethics which call for respect in every sense for the decisions of any nation in the world.

Without having arrived in Panama yet, much less having presented his credentials, this man has the boldness to make statements that are completely false regarding the situation in which we live, based perhaps on publications made abroad by the most recalcitrant enemies of all Panamanians.

We still cannot understand how a person who will represent the most powerful nation of the world, which has a reputation of maintaining pure diplomacy, can make statements without first getting firsthand information about the real situation in our country.

We realize that to exercise a post of this nature one must have an overall picture of the country and its region, but to say that citizens' most basic rights are violated in the country is inconceivable.

How can Mr Davis say that the Defense Forces are linked to drug trafficking? It is obvious that this man has not seen publicized notes and messages sent by U.S. authorities, directors of organizations which are carrying out a courageous effort against drug trafficking, praising our country and especially our Defense Forces for their contribution to the war against drug trafficking.

Our position as a sovereign country cannot allow opinions from a diplomat who leaves a lot to be desired, no matter from what country, to meddle in affairs that pertain only to Panamanians, much less if that person is trying to sow hatred among brothers.

The climate of peace that we are enjoying is not a reality based on the action of a magic wand. It happens that understanding and dialogue maintain stability in Panama, and this sets it apart from neighboring states. We will not allow elements foreign to our country to come and break up and destroy what we are enjoying: peace and calm.

Davis Called CIA Agitator

PA241425 Panama City CRITICA in Spanish 24 Feb 86 p 32

[Report by Mario Martinez Puente: "Davis Is an Assassin"]

[Text] Eduardo Rios, union leader and current coordinator of the National Council of Organized Workers, Conato, said on Saturday that Arthur Davis, the new U.S. ambassador to Panama, is responsible for many assassinations in Paraguay and other Latin American countries.

Referring to the "diplomatic career" of the recently appointed ambassador to our country, the Conato coordinator said that Arthur Davis "is one of the best men of the U.S. Central Intelligence Agency, CIA."

Davis is an expert in agitation and has shown this when he practically organized the latest election of Paraguayan dictator Alfredo Stroessner, the union leader added.

Rios predicted that the new Yankee ambassador is coming to our country to carry out agitation efforts to instigate chaos and thus promote efforts to seize the government by unpatriotic sectors allied with the U.S. Army stationed in Panama.

"Ambassador Davis is coming to carry out a task that is very usual for him -- the only one he knows -- just as he recently did in Paraguay," Rios said.

The Conato coordinator said that in view of this situation, the national government should take urgent measures and not permit Davis to use the Southern Command bases to arrive in the country.

"Let Davis enter the country through the Omar Torrijos Herrera Airport, and let the Panamanian people know the exact day and time of this arrival so that in a huge demonstration we can tell him to go back to his country, because we do not want him here," Rios added.

Conato Rejects Davis Appointment

PA232216 Panama City LA REPUBLICA in Spanish 23 Feb 86 p 1

[By Ruth Rodriguez de Navarro]

[Text] Various Panamanian sectors have expressed displeasure over statements issued by Arthur Davis, the U.S. ambassador-designate to Panama, who has yet to arrive in our country, but who is already stating his views about matters that are strictly the Panamanian people's business.

LA REPUBLICA discussed the issue with Dulcidio Gonzalez, current president of the National Council of Private Enterprise (CONEP). Although he issued his statement as a Panamanian and not as spokesman of the private sector, he said that if Davis truly made these statements, "one must necessarily note great displeasure for the lack of tact and education in a person whose main role is to improve relations between the United States and Panama." He added that the role of an ambassador implies great tact, politeness, and understanding of Panamanian reality and the importance of Panama's geographic area.

Likewise, Eduardo Rios, leader of the National Council of Organized Workers (CONATO), said that Davis' statements are nothing but a series of measures that the United States has been adopting to destabilize the country. He added that Davis' statements are nothing new, "because the opposition in our country has been saying the same thing. Therefore, we know that whatever the opposition says or does comes in their instructions from that country."

Rios added that Conato's stance is that the Panamanian Government should not give its approval for the appointment of the U.S. diplomat "who cannot talk about democracy because he has been a close collaborator of Alefredo Stroessner -- president for life in Paraguay -- and they do have political prisoners and missing people in that country. There are none here in Panama," he said.

Spadaforas Endorses Davis

PA241618 Panama City LA PRENSA in Spanish 24 Feb 86 p 22 A

[Column by Winston Spadafora F.: "Mr. Davis: Persona Non Grata. To Whom?"]

[Text] The officialist ne'er-do-wells do not realize that the opinion voiced by Mr Davis before the U.S. Senate subcommittee for Latin America was merely in answer to questions asked him by the Democratic and Republican senators who make up that subcommittee, at a hearing that constitutes the first step in his ratification by the Senate as new ambassador to Panama. There is a reason for the concern of the U.S. senators: Panama and the United States, by virtue of the Torrijos-Carter Treaties, are partners in an enterprise highly important to both countries, as its security and operation run the risk of being disturbed should the current situation in Panama continue, taking into account the right to intervene we granted them.

That is the reason for the questions of the senators and the sincere answers of Mr Davis, which have stirred sudden reactions on the part of the national government and its supporters. I imagine Mr. Davis must be thinking that if they are capable of declaring him, the representative of their principle partner, persona non grata for the mere fact of expressing his opinion on human rights in Panama, what would they not be capable of doing to the Panamanians who criticize them daily?

The purpose of this article is to establish to whom Mr Davis is persona non grata. We think that:

- 1) Mr Davis is persona non grata to the leadership of the PRD [Democratic Revolutionary Party], that group of parasites of the national treasury, who have noticed a change of attitude in U.S. foreign policy, which constitutes a repulsion of totalitarian regimes, such as that of Panama; a policy which these parasites fear as they contemplate their privileges, sinecures, handouts, deals, and other practices, to which they have become accustomed all these years.
- 2) Mr Davis is persona non grata to the new millionaires of the process who, fearing the imminent return of democracy in Panama, fear the weight of justice due to their failure to justify the assets and huge fortunes amassed at the cost of our foreign debt and through shady dealings.
- 3) Mr Davis is persona non grata to the material and intellectual authors, accomplices, and protectors in the dastardly murder of my brother HUGO SPADAFORA FRANCE [upper case as published], who see in the new ambassador a real and genuine defender of justice and human rights, which have been systematically violated in Panama.
- 4) Mr Davis is persona non grata to the protectors and harborers of drug traffickers in Panama, who worry about the position of the new ambassador, which could jeopardize their million-dollar dealings. Everyone knows that Noriega and Delvalle protect the well-known drug-trafficker SEBASTIAN GONZALEZ, "GUACHAN," [upper case as published] who is wanted by Costa Rican court authorities and who lives duly protected here in Panama.

5) Mr Davis is persona non grata to those who a few months ago dared to declare Msgr Sebastian Laboa, apostolic nuncio of the His Holiness John Paul II, persona non grata.

6) Mr Davis is persona non grata to UNADE [Democratic National Unity] legislators, unconditional servants of the military.

7) Mr Davis is persona non grata, of course, to Noriega and the corrupt military command, who are well aware of his democratic and antimilitary position and of his experience as ambassador to Paraguay.

These, then, are the indecent minority of this country, who in a display of false patriotism publicly launched the idea of declaring Mr Davis persona non grata; but we all know that they will never dare do so, for they fear to displease the colossus of the North which, one way or another, has so far supported them.

Although one or another ambassador is the same to us, since our democracy, like that in Haiti and the Philippines, will be won here, not in Washington, you may come without fear, Mr Davis, because the decent people of Panama -- thank God we are a majority -- will greet you as we have always welcomed all ambassadors who love democracy and defend the human rights, and we know you are one of them.

COSTA RICAAUTHORITIES CAPTURE NICARAGUAN REBEL COMMANDER

PA240329 Panama City ACAN in Spanish 2251 GMT 23 Feb 86

[Text] San Jose, 23 Feb (ACAN-EFE) -- It was officially reported today that Costa Rican authorities have captured anti-Sandinist Commander Alvaro Cermeno on a highway close to the border with Nicaragua.

Cermeno, known as Commander "Tadeo," was travelling in a four-wheel drive vehicle between Florencia and El Muelle in Costa Rican territory. He was captured this weekend by members of the Intelligence and Security Directorate (DIS) and the rural police (GAR).

"Tadeo" was carrying an Egyptian-made machine gun with 15 rounds of ammunition. He was accompanied by Costa Rican citizen Roger Martinez Robelo, who was also arrested by the authorities.

For a long time, Commander Cermeno was Eden Pastora's (Commander "Zero") second in command, but he became separated from the leader of the Democratic Revolutionary Alliance (ARDE) and nothing was heard from him until his capture. "Tadeo's" legal status in Costa Rica is still uncertain, but first he will be charged with possession of weapons, according to official reports.

In addition, members of the Immigration Department near the Nicaraguan border have reported the arrival of more than 30 refugees, including children, women, and men all in very poor health.

It has also been reported that eight anti-Sandinist defectors turned themselves over to the border police Friday.

Clandestine informers of the "contras" in this capital have said that columns loyal to Pastora are struggling to retake the positions that the Sandinist Army took from them 9 months ago.

The positions they mentioned included La Penca, where Commander "Zero" nearly lost his life on 30 May 1984 during the most serious attempt on his life since he became a guerrilla. In this terrorist action, executed by a man posing as a journalist who identified himself as Pier Anka and who has not yet been captured, two Costa Rican journalists, an American journalist, and at least 10 members of Pastora's personal guard were killed.

After capturing "Tadeo," the police carried out a broad sweep of the border area to make sure that no other Nicaraguan rebels have infiltrated Costa Rican territory and that if any are found they will be captured, according to official sources.

BRIEFS

1985 REGIONAL TRADE SURPLUS -- San Jose, 18 Feb (AFP) -- The Ministry of Economy and Commerce reported that in 1985 Costa Rica achieved a \$54.1 million surplus in its trade relations with the Central American countries and with Panama. Costa Rica exported \$169 million to Central America; whereas its imports from the area amounted to \$114.9 million. The only deficit recorded by the Costa Rican trade was in its exchange with Guatemala. This deficit was in the amount of \$9.1 million. [Summary] [Paris AFP in Spanish 1615 GMT 18 Feb 86 PA]

EL SALVADORDUARTE PINPOINTS COUPIST SECTOR, DEFENDS REFORMS

PA232042 San Salvador EL MUNDO in Spanish 21 Feb 86 p 2

[Text] "There is a sector -- perhaps the most radical sector of the Coffee Producers Association -- that has been acting antagonistically, making public statements to newspapers calling for a coup d'etat and appealing to the Armed Forces. You can see this in all the newspapers. It is there." This is how President Jose Napoleon Duarte responded to a journalist who asked him what sectors had been visiting military people asking them to carry out a coup d'etat.

Duarte made this statement yesterday as he was leaving a meeting of the Association of Cooperatives of Integrated Agricultural-Livestock Products, Acopai, in Santa Tecla. Acopai was celebrating the eighth anniversary of its foundation. The chief of state arrived in Santa Tecla with Minister of the Presidency Dr. Jorge Eduardo Tenorio, and his recently-appointed private secretary Jose Ricardo Perdomo. Duarte delivered a speech to his Acopai audience. During the speech, the president said that he will continue working to strengthen agrarian reform and that this year he plans to deliver 10,000 land titles to as many peasants, "even if the sectors opposed to agrarian reform and to Decree 207 disagree." Referring to the sectors opposed to this reform, Duarte said: "They are the same people who complain the most about there being some 10,000 Salvadorans in the mountains with their rifles because they were frustrated and have become radicals. They also complain about all the death and destruction that our fatherland has endured."

Referring to other reforms the government has implemented, Duarte said democratic reform is one of the most important because its purpose is to find peace for El Salvador. Therefore, he said, this reform must be "irreversible," and to achieve this it is necessary to strengthen not only agrarian reform but also the banking and foreign trade reforms.

One cannot live with hatred, Duarte said. In order to be able to live in peace, the democratic reform process calls for "respect for everybody's right to an opportunity." He added: "For this reason, when someone asks me why I allow people to insult me and newspapers to show disrespect and people to demonstrate on the streets, causing destabilizing conditions, I tell them that all men have the right to demonstrate and to state their opinion, and this is part of democratic reform." The president promised the leaders of Acopai that he would fully support them so that they may go forward with the agricultural and livestock production and help pull the country out of the crisis it is now enduring.

Currently Acopai includes 166 cooperatives and some 20,000 members, according to what was said at the anniversary celebration, which was organized by the top leaders of the peasant organization, Jose Orlando Arevalo, president; and Pedro Perez Hernandez, vice president.

CASTILLO DESCRIBES NATION'S 'IMPROVED' IMAGE

PA230430 San Jose RUMBO CENTROAMERICANO in Spanish 14-20 Feb 86 pp 10, 11

[Text] The international image of El Salvador has improved despite a bloody past, a war that has lasted 6 years, rebel ties with the Socialist International and the importance of this group in Europe, questionable respect for human rights, and the fact that the country returned to an institutional regime only 2 years ago.

Those are the thoughts of Rodolfo Castillo Claramount, Salvadoran vice president and foreign minister, who commented "mostly on the credibility that our administration now enjoys in the eyes of democratic governments throughout the world."

"That trust brings about political support and economic cooperation initiatives," among which he mentioned German and U.S. aid and agreements signed with Argentina and Venezuela.

Castillo, a member of the Salvadoran Christian Democracy for 24 years and a former deputy, took over the vice presidency in 1982 and the Foreign Ministry in 1985, replacing Jorge Eduardo Tenorio.

RUMBO CENTROAMERICANO met him at the Salvadoran diplomatic headquarters in San Jose, where he visited while serving as an observer for the Costa Rican electoral process that ended on 2 February with the election of Social Democrat Oscar Arias.

"Undoubtedly, not everything can be seen yet through rose-colored glasses," he added, explaining that "a civil war and doubts surrounding the issue of human rights still loom ominously over the country's image." On the issue of human rights: "We are the target of an audit and an annual UN investigation; however, it becomes clearer each day that we are making progress within that forum." He said that the issue of human rights is a priority of the government of Jose Napoleon Duarte.

As evidence of his belief in the improvement of El Salvador's image, he cited the case of Spain. "That country had assumed a very critical position toward our process and expressed absolute support for the Nicaraguan process. The opposite is true now."

In his opinion, the kidnapping of Ines Guadalupe, the president's daughter, by the insurgents in November 1985 [date as published] was a determining factor for this change in attitude. That incident "was part of an eminent terrorist strategy. The FMLN-FDR have tried to give that action a political and military connotation, but their maneuvering has received no support."

"That attempt is increasingly clear in the action of the military and political hierarchy of the guerrillas, but we can see how their struggle is not making any sense, because it has little historical and ethical justification." He added that they do not enjoy popular support and cited Mao Tse-Tung: "There is no revolution without a revolutionary people."

"To plant mines on highways and in cultivated fields, blow up bridges, destroy power pylons, and coldly kill a group of defenseless people in a restaurant are not military actions either. That is terrorism," he insisted. In his opinion, that kind of behavior cost the rebels the friendship of other Socialist International leaders, besides Spanish Prime Minister Felipe Gonzalez. Among those leaders he mentioned Venezuelan Carlos Andres Perez who "had clearly supported the rebels, but had the bravery and manly courage of rectifying his stand; he is now one of their strongest critics. It is noteworthy to mention that Perez also changed his position toward the Nicaraguan process."

He added: "However, others like Swedish Prime Minister Olof Palme have not followed suit." Upon being asked about Willy Brandt he replied: "I do not wish to offend anyone, but he is behind the times when it comes to his analysis of values regarding current events in Latin America, and, specifically, in El Salvador and Nicaragua." According to the Salvadoran Foreign Minister, Palme's attitude "is a very comfortable one because it allows him to maintain the image of a romantic revolutionary" which, according to Castillo, reflects "a lack of responsibility, all the more so coming from a man who has been or wishes to continue being a world leader."

Castillo then recalled an expose he made before leaders of all Italian political parties during a trip to that European nation in November 1985. He said that he recommended a joint discussion of issues between the highest-level representatives of the main international political groups such as the Socialist, Liberal, Conservative, and Christian Democratic Internationals.

He also suggested visits to the area to gather more objective information to ensure that those leaders do not base their decisions on references which "are always motivated by some kind of interest."

Due to the apparent official Nicaraguan aid to the Salvadoran rebels, which has been reported on various occasions by Salvadoran authorities, Castillo Claramount was asked about the issue, specifically regarding the rather peaceful manner in which the Duarte regime has acted in response to this situation.

"We", he began explaining, "are struggling to democratize our society, which is a very difficult and painful process that is costing us a great deal. We are not willing to lend ourselves to destabilization games and deep down it does not matter to us that the Nicaraguan regime wants to develop a socialist model."

Nevertheless, he insisted once more on the aggression his country has been subjected to by the Sandinists. "We demand a public and real commitment by the Nicaraguan Government, aimed at not helping the guerrillas materially and politically."

After saying that he trusts the Contadora Group has "instruments capable of correcting" the problem, he said that the reason for the group's existence is "its realistic search for conditions that will guarantee peaceful coexistence in Central America."

"The only thing needed to create this situation is for Nicaragua to begin a process of democratic rectification, in keeping with the commitments it established with the OAS in 1979."

If this does not take place, Castillo Claramount believes that there will be no possibility of the area countries coexisting without a war.

The results of the peace-making effort, he added, depend on the creation of a document capable of guaranteeing juridical rules and political decisions aimed at achieving "the necessary space for the establishment of cordial relations among the nations on the isthmus. This means deepening and broadening the democratic processes in the region."

He admitted, nevertheless, that "although it would have been desirable," until now Contadora has not played any role nor has it shown any interest in playing a role in the efforts to reinstate and consolidate democratic regimes made by Guatemala, El Salvador, and Honduras.

Castillo Claramount was asked if his country is willing to maintain its position while the peace-making group continues searching for a solution.

"We are not going to change," he answered. "We are not going to try to destabilize the Nicaraguan regime, nor are we willing to adopt an adventurous attitude in Central America. That would be irresponsible because it could make the situation escape Central American control, and there is no doubt about the struggle over interests among the great powers in the midst of all of this."

El Salvador also has an old conflict with Honduras over border issues. Because of this, the two countries went to war in July 1969. The armed clash ended thanks to OAS intervention on 30 July 1969. This organization's good offices, and that of a few other Central American countries led, in 1980, to the signing of a general peace treaty which, the foreign minister recalled, delineated approximately 70 percent of the border.

The remaining percentage, he said, was to be established within the 5 years following the signing of the treaty, which also established a 6 month period after the 5-year period to conclude the final details.

"This is what we are doing now. Never before have we been this close to a solution. Every month representatives from the two countries meet to make agreements regarding the procedures we will employ at the International Court of Justice in the Netherlands."

Once the 6 months have passed, the case will be taken to that organization.

The Salvadoran foreign minister referred to the "misfortunes" that emerged between 1980 and 1985, such as the political instability in his country and more recently the electoral process in Honduras.

He also revealed the possibility of arranging part of the conflict during these 6 months through a bilateral arrangement that the Salvadoran Government has already addressed.

On 27 September 1985, a little more than 2 months before the period established by the 1980 peace treaty expired, the Duarte regime presented an initiative in this regard to Tegucigalpa, stating that after studying each country's position the remaining border area could be delineated. This border area basically includes the Golfo de Fonseca, which is shared by El Salvador and Nicaragua and which for Honduras constitutes "an old dream of having a path to the Pacific."

His government's offer, Castillo Claramount said, is aimed at fulfilling this desire but there are difficult aspects that must be dealt with and we will still "have to go to The Hague."

In terms more general than those used in regard to foreign policy, this interview touched on economic issues such as the new Central American tariffs, the economic measures adopted in January by the Salvadoran Government, and the foreign debt.

The vice president believes that the new tariff rates will contribute to the structural adjustment the impoverished Central American economies are trying to achieve "if what they are trying to achieve are their own development possibilities, increased production, and new markets."

"Of course, no matter how technically perfect the agreement is stated, it will not be very successful if it is not responsibly fulfilled, as it is said is happening."

Regarding the "package" of measures adopted last January by the regime, which includes a 100 percent devaluation, an increase in the costs of various public services, and salary adjustments, among others, the official explained that it is an effort to reorganize the Salvadoran economy.

"As an example I will use Costa Rica, a country that has gradually achieved this because it imposed a quota of sacrifice on the people, who understood this as such. We are trying to do the same thing, and with more of a reason because we are in the midst of a war that costs us 2 million colones daily."

Castillo Claramount said that he favors the possibility of a regional arrangement in Central America for the payment of the foreign debt.

He mentioned that in this regard he has been informed of an initiative promoted by Costa Rican President Luis Alberto Monge.

He said that his country is willing to support this initiative, and that the same would happen if Costa Rica's new government, which will be installed on 8 May, continues it.

BLANDON ON MILITARY ROLE IN RECONSTRUCTION

PA231656 San Salvador Television Educativa in Spanish 1230 GMT 21 Feb 86

[Text] The ministers of the social sector and the Armed Forces' top command have held a meeting to coordinate efforts for national reconstruction.

The meeting was called to ask the Cabinet to join the United To Reconstruct counter-insurgency campaign that will be carried out by the Armed Forces with the participation of all sectors, General Adolfo Blandon, chief of the Joint General Staff, reported. In addition, he said that this war not only concerns the military sector but all Salvadoran people.

[Begin recording] [Blandon] This plan attempts, as I just mentioned, to join all the efforts because we believe that this war is not only the responsibility of the military sector but that of all civilians. It is also the responsibility of all the state organizations and the private institutions that want to join us in this moment of crisis. We feel that this is the right time for it.

[Question] How will this cooperation with the sectors work, specifically?

[Blandon] First, the Armed Forces will have to fulfill a specific mission, which is to continue the military offensive -- the military initiative -- in a cleanup operation in conflict areas. Then, this will be followed by a phase of consolidation in which we will increase the civic-military operations and psychological warfare. We will also increase our activities in order to encourage towns to get organized in their civil defense. This phase would include the efforts of each of the ministries by reconstructing roads, health centers, and bridges; building more schools, athletic fields, and promoting recreation activities for the community so that we can create an incentive for all those people. In addition, we also seek to return all those displaced to their places of origin. They will be retrained so that they can return to their places to make their parcels of land produce. This was land that they had to abandon because of the war. [end recording]

THOUSANDS MARCH TO PROTEST ECONOMIC MEASURES

PA231720 San Salvador EL DIARIO DE HOY in Spanish 22 Feb 86 pp 5, 15

[Text] Thousands of Salvadorans marched yesterday through the main streets of San Salvador to protest the economic "package" of President Duarte's Christian Democratic government.

The demonstration was convoked by the National Union of Salvadoran Workers (UNTS).

The organizers stated that this demonstration was carried out to reject the unpopular economic measures that the government has imposed on the Salvadoran workers.

However, organizations with a well-known leftist affiliation participated in the demonstration. According to observers, these organizations twisted the objective of the because they added ideological aspects that have nothing to do with the people's rejection of the so-called Duarte's "package."

Our sources have said that there is no justification for having used people who went to the demonstration with goodwill or for having them appear as supporters of positions with which they do not agree.

The foreigners who in recent days have been carrying out public demonstrations thus violating the country's laws, were also present at this demonstration.

The demonstration was attended by labor organizations such as the Salvadoran Workers National Union Federation the Trade Union of Textile, Cotton, Synthetic, Similar, and Related Industries Workers, the National Administration of Waterworks and Sewers, the National Administration for Telecommunications, and Institute of Urban Housing and AGEMHA [not further identified], the University of El Salvador, the Central Organization of Salvadoran Organized Workers, the Coordinating Board of Eastern Region Workers, agricultural cooperatives, associations such as the National Association of Salvadoran Teachers, the General Association of Salvadoran University Students, cooperatives (including those in the reform plan), university and secondary school students, peasants, artesans, housewives, fishermen, professionals, nurses, professors, and relatives of missing persons.

The demonstrators gathered at 0900 near Cuscatlan Park. At the time that the people heading the march were approaching the National Palace, the end of the march was in the area of the Social Security hospital.

Among the demonstrators were mobile units with loudspeakers. The leaders of the demonstration had megaphones that they used to incite the marchers into shouting watchwords against the government and its economic measures. Some had posters with protest phrases. Others distributed leaflets to bystanders.

Businesses along the march route did not close their doors and the employees stepped out to watch the demonstration.

In downtown San Salvador there was a big traffic jam as a result of the demonstration because many cars, buses, and taxis found themselves in the midst of the crowd.

Since last Monday there had been traffic jams in the area because of the protests against the controversial urban renovation plan for downtown San Salvador but the latest demonstration made the traffic situation worse.

The route of the march took the participants from Cuscatlan Park -- on Ruben Dario Avenue -- to Second South Avenue -- at Cathedral -- where the demonstrators turned to get on Juan Pablo II Avenue and then march to the parking lot of the Legislative Assembly.

The leaders of the demonstration told the marchers to disperse at that site to give the visual impression that there were more people than there actually were. The deputies were not at the Legislative Assembly since the special commissions were not working yesterday.

The posters had various messages. Some of them had nothing to do with the protest against the economic measures of the Christian Democracy. One poster said: "Duarte: Give the people a break." Others said: "Yes to peace, no to war taxes," "Death to the Salvadoran Duvalier," "We demand the elimination of the economic package," "The peasants are against the package," "The workers cannot stand the package any longer."

Some of the slogans chanted by the demonstrators were: "Let Duarte eat his package," and "We will throw the package down the drain."

There was another protest two days earlier in the eastern sector of San Salvador. It was carried out by peace and prowork ladies who pounded pots and pans and carried posters with watchwords against the package. Duarte had said that only this minority was against his government's measures.

A few days ago, the propaganda office prepared a modest demonstration of support for President Duarte as a response to the people's rejection demonstrations of recent weeks. It was highly publicized in the official and semiofficial media. Most of the participants in the support demonstrations were people displaced from their towns [desplazados] and members of the Christian Democratic Party who were brought to the demonstration in state vehicles.

VENCEREMOS REPORTS 129 ARMY CASUALTIES 17-23 FEB

PA241629 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 24 Feb 86

[Text] Radio Venceremos will now present a summary of the main guerrilla actions this past week:

We report to our people that from Monday, 17 February, to 23 February, have inflicted 129 casualties on the dictatorship. We inflicted 129 casualties in 1 week of guerrilla activity throughout the national territory. We continue to wear out the troops of the puppet Army in Guazapa -- a dagger stuck in the enemy's heart. This past week, FMLN urban commandos blew up several telephone exchange boxes in the center of the capital. We also report that several types of mines, antipersonnel mines, Atlacatl mines, Atonal mines, and Manuel Jose Arce mines, were used this week to inflict 52 casualties. We inflicted 52 casualties with the use of people's weapons.

We also report that the 129 casualties include 2 lieutenants. This past week we also carried out the important attacks on positions of the puppet Army and paramilitarymen in San Miguel de Mercedes in Chalatenango Department and the victorious action in El Barrancon on the Northern Trunk Highway against troops of the 4th Infantry Brigade.

This past week, we sabotaged dozens of electric power poles and high tension wires as part of our actions to sabotage a war economy that enables Duartism to finance its genocidal operations against the defenseless civilian population.

'GHOSTBUSTERS' COMMANDOS ISSUE COMMUNIQUE

PA231852 San Salvador EL MUNDO in Spanish 20 Feb 86 p 3

[Text] Today, we received a new communique from the so-called Ghostbusters Commandos [Comando Caza Fantasma -- Cocafan] that claim to operate in the San Salvador metropolitan area and continue to fight groups that are enemies of the nation's social peace and the country's interests.

Part of this communique, signed by Commander X, states: The climate of terror being suffered by honest citizens is due to the action of terrorist groups that are trying to sink the country and destroy the sectors working honestly to save the fatherland from chaos. These groups do not realize that our command is following them and has already located certain individuals whose names are added to the list of the forces that must be defeated by the Army with the help of men who love the nation. These men will not permit our country to be invaded and turned into another Cuba or Nicaragua. These criminal communists are enemies of the people, who want peace, democracy, liberty, and justice.

Our struggle advances. We have skillfully infiltrated sectors in which we can operate without the knowledge of those guerrilla collaborators who kill, destroy, and tear the country apart. They don't realize it until the Armed Forces, with the evidence we send them, act directly and efficiently.

In addition to being willing to fight anywhere the tranquillity of our Salvadoran brothers is threatened, we are struggling against speculators who are sucking the blood of Salvadorans. They don't know that our members have become part of their clientele, in order to establish if there is any abuse and prove that prices are being altered, bringing more hunger and suffering to the most needy classes in this distressed country.

Soon we will give the names of individuals who must be considered enemies of the Salvadoran people instead of redeemers as they falsely keep announcing. These names will include all foreign and local agitators, the speculators, the corrupt individuals, and those who don't think of the pain of a society that deserves to live in peace and security.

GUATEMALAFINANCE MINISTER DISCUSSES ECONOMIC POLICY

PA241605 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 21 Feb 86

[Text] It was reported today that the Guatemalan Government was offered understanding and financial aid from several international institutions in Washington during a visit to the U.S. capital by Finance Minister Rodolfo Paiz Andrade and Federico Linares, president of the Bank of Guatemala.

The two Guatemalan officials met in Washington with representatives of the IDB, World Bank, IMF, AID, and with the U.S. under secretary of state.

At a press conference this morning, Finance Minister Paiz Andrade said that those institutions have allotted funds for Guatemala, but abstained from mentioning the sums that will supposedly be obtained in the form of credits.

Paiz Andrade only confirmed that the IDB will grant \$1 billion, as had been announced here this week by IDB officials.

In sum, the finance minister spoke at length during today's press conference, but said almost nothing specific. He said that the IMF showed understanding toward Guatemala's gradual payment of its financial commitments, adding that the government seeks economic adjustments, but without any haste.

[Begin recording, in progress] ...in the foreign exchange field. The economic adjustments imply restructuring what we have been doing without any positive results. It includes measures in the credit, fiscal, monetary, and price fields; in other words, in all fields. These measures cannot be and should not be improvised or isolated. Some sectors have acted under the (?premise) that measures must be adopted today, tomorrow, or the day after. I believe that measures should be adopted at the right time, when the conditions are right for a specific overall program, and when -- which was the importance of our trip -- we have the necessary funds to carry out a project. Hence, the adjustments must be made at the right time, and on an overall basis. I believe that the measures should not lead to what is commonly known as (?patching up) the economy. We do not want to fall into that pattern; instead, we must seek a plan within an overall framework based on interrelated measures that will lead us in the right direction.

There are two fundamental problems currently affecting Guatemala, and we should all try to solve them. The first one is the unemployment problem. We must seek ways to reactivate our economy. In this sense, it is the government's responsibility, as coordinator of the national efforts, to promote projects that will create new jobs and new enterprises, and to implement projects in rural areas. As we discussed with the international institutions, there are projects which have had to be postponed. Our main interest is to expedite the implementation of the projects for which loans have been already obtained, to quickly generate new opportunities of employment, particularly in the rural areas. This is already under way, as we are trying to reactivate some projects. Of course, there are always some institutional problems; however, our main interest is to encourage those projects that can be carried out this year, and even this month if possible. [end recording]

Finance Minister Paiz Andrade said that there are two factors distorting our national economy. Here is his statement:

[Begin recording] [Words indistinct] the economy has carried out the issuance of money in two ways: through the foreign exchange system, and through the fiscal system. In general terms, the money machine has been issuing currency without any backing. We must reduce this currency issuance as part of the economic readjustments. In general terms, we must try to stop this practice, as it is a factor that generates inflation, and thus contributes to an increase in prices. [end recording]

RESTRICTIONS ON DEATH PENALTY TO BE WITHDRAWN

PA241316 Guatemala City PRENSA LIBRE in Spanish 21 Feb 86 p 4

[Text] Foreign Minister Mario Quinonez Amezcuita announced yesterday that Guatemala will no longer follow the OAS restrictions on the implementation of the death penalty in Guatemala for political and related common crimes which have been in effect since 1980, as they contradict one of the articles in the Constitution of the Republic.

Quinonez Amezquita said at a press conference that Guatemala established restrictions on the implementation of the death penalty for the crimes mentioned in 1980, when it signed a treaty on human rights.

According to Minister Quinonez Amezquita, those restrictions contradict the new Constitution of the Republic and therefore, must be abolished.

Quinonez Amezquita added that a special commission will travel to the OAS to request the lifting of those restrictions.

HONDURAS

NEW OIL AGREEMENT SIGNED WITH VENEZUELA

PA232342 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 21 Feb 86

[Excerpt] Today Honduras and Venezuela signed a new oil agreement. The signing of the document, held at Government House, was done by President Jose Azcona Hoyo and Venezuelan Investment Fund [FIV] President Hector Hurtado.

The sixth oil agreement, signed by economic cabinet and FIV officials, states that Venezuela pledges to continue supplying Honduras with 6,000 barrels of oil per day and to provide credit for the oil debt at easy terms. A partial agreement for commercial exchange was also confirmed, giving preferential customs treatment to Honduras, according to a statement by the minister-president of the Venezuelan financial organization.

ECUADORAN AGRICULTURE MINISTER BEGINS VISIT

PA241710 Panama City ACAN in Spanish 1641 GMT 24 Feb 86

[Excerpt] Tegucigalpa, 24 Feb (ACAN-EFE) -- Ecuadoran Agriculture Minister Marcelo Laniado, accompanied by his deputy minister, Diego Gandara, today began a working visit to Honduras. Laniado and Gandara will meet with the Honduran minister of natural resources, Rodrigo Castillo. Likewise, the two Ecuadoran officials will pay a working visit to various areas of Honduras in the next few days for the purpose of learning about several projects the government has begun with much success.

BRIEFS

SUPREME COURT MAGISTRATES -- The magistrates of the new Supreme Court of Justice are: Salomon Jimenez Castro, president; Roberto Perdomo Paredes, vice president; and Magistrates Elias Jones Calix, Oscar Alvarez Duron, Jaime Pineda, Mario Reyes Sarmiento, Hernan Carcamo Tercero, Evelio Rodriguez, and Joaquin Alcerro. The alternate Supreme Court magistrates are Virgilio Urmeneta Ramirez, Erdulfo Lainex Mejia, Rene Lopez Rodezno, Jose Abelardo Zeron Rosa, Miguel Angel Rivera Portillo, Saul Munoz, and Felipe Teobaldo Enamorado Suazo. [Summary] [Tegucigalpa LA TRIBUNA in Spanish 27 Jan 86 p 8 PA]

DEPUTY EDUCATION SECRETARY RESIGNS -- Yesterday, Honduran President Jose Azcona Hoyo accepted the resignation of Deputy Public Education Secretary (Jose Cecilio Silva). The outgoing secretary acknowledged receiving a salary from the defunct Central District's Metropolitan Council without actually working there. [Summary] [Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 18 Feb 86 PA]

NICARAGUAEDITORIAL URGES PREPARATION TO FACE 'THREATS'

PA241609 Managua BARRICADA in Spanish 21 Feb 86 p 4

[Editorial: Sandino Leads Our America]

[Text] Today the Sandinist People's revolution will pay homage to General Augusto C. Sandino, 50 years after he was murdered in a cowardly fashion. The homage will come in the form of the presentation of the first draft of a constitution inspired by the legitimate interests of the Nicaraguan people.

The constitution will erase centuries of a history that lists traitorous Kupias-Kumi [not further identified] pacts, as well as politicians anxious to faithfully follow the orders of the imperialist master. The constitution will be presented to the nation in compliance with the legacy of Sandino and with one of the points of the FSLN program, for which a struggle has been waged, and continues to be waged, to secure victory.

This will be a historic occasion. The drums of the most serious and dangerous threat issued so far by the administration of President Ronald Reagan are still echoing. During a visit to Grenada yesterday, Reagan called for the "unity" of the democratic countries "to get rid" of the revolution.

Reaffirming his absolute certainty that what happened in Grenada in 1983 is the type of solution he will provide again in 1986, Reagan said: "We will not be satisfied until all the people of the Americas join us in the warm splendor of liberty and justice." He said this in calling for support for his dangerous adventure.

Apparently, there is no limit to the U.S. President's rhetoric. His official threat to invade Nicaragua is his second slap in less than a month at the firm Bolivarian position of Latin America that the aggression on the Sandinist revolution must end and that reason and civilized negotiations must prevail.

His invasion threats, which are synonymous with death, tears, and destruction, are not aimed only at Nicaragua. They are aimed at all the people who have made the commitment to struggle at the side of our people. They are a threat against Contadora, which has already urged him to stop his adventure and which continues demanding a rectification of the U.S. policy.

The dangerous and insolent statement made by Reagan must not be seen out of the Latin American context because Latin America has closed ranks in support of the cause of the Central American people, and of the Nicaraguan people in particular.

The consistent tone in Reagan's speeches of recent months has been based on two facts: the clear and undeniable defeat that his mercenary army has suffered, and his desperate search for resources to save his project.

Reagan has dangerously sought only one alternative and from that position he is threatening Nicaragua and Latin America. The failure of the mercenary idea and his policy of force for Central America will eventually lead to an invasion adventure.

The war against Nicaragua has taken a road that has led to situations without precedent in U.S. legislation. It is incorrect to assume that the president of the most powerful and most warmongering nation of the world is being moved by demented whims. He is being moved by a philosophy that serves as a foundation for imperial power.

The Nicaraguan people have always seen the situation clearly. The creation on 1 February of the first reserve brigades for the defense of the city of Managua implicitly consolidated the defense capabilities of the people and confirmed the imminent victory over imperialism's beachhead: the mercenary army.

Advances in and the consolidation of our defenses move us closer to peace, but makes imperialism desperate and compels it toward its criminal and adventuresome policies.

Reagan's threats cannot be ignored. The alert call on the reservists in the newly-created brigades and in those brigades yet to be created in Region IV must be maintained and efforts must be increased.

Workers, peasants, and producers must consolidate the economy. The economic front must be an integral part of the military front.

This is the moment for national unity to support the revolutionary project, the moment for the constitutional discussion of this project and for the defense of a high standard of living for the Nicaraguans. Patriots must dedicate all their efforts to the revolution and prepare to wage one of the most important and decisive battles to face imperialist threats.

CARLOS NUNEZ REPORTS ON DRAFT CONSTITUTION

PA221712 Managua Radio Sandino in Spanish 1200 GMT 22 Feb 86

[Text] The task is finished, Commander Carlos Nunez Tellez, president of the Nicaraguan National Assembly and of the special constitutional commission, told President Daniel Ortega as he presented Ortega with the first draft of Nicaragua's new constitution. Copies of the draft constitution and a report on the deliberations on and drafting of the draft constitution were distributed to each of the 89 legislators who attended the session. Seven deputies of an Independent Liberal Party faction were absent following leader Virgilio Godoy's call to boycott the session. However, Constantino Pereira did attend. In the report, National Assembly President Nunez Tellez commended the hard work done by the members of the special constitutional commission during the 9 months they fully devoted to that task. The difficult yet historical task of preparing the first draft of the Nicaraguan constitution was valuable. There was evident goodwill on the part of all the members of the special commission and a desire to obtain a consensus and understand the need for national unity, Carlos Nunez Tellez said.

More than 70 percent of the draft constitution has been approved by all the parties. One hundred sixty-five of the 221 articles in the first draft constitution were approved unanimously by the members of the political parties who are part of the special constitutional commission, the report by that commission's president indicates. The report cites the actions undertaken by the various commission members with regard to the articles that were discussed, indicating if they agreed with, expressed reservations over, objected, or abstained from voting on them.

The draft constitution is divided into an introductory section, 10 titles, 28 chapters, 5 sections, and 221 articles.

It is comprehensive, revolutionary, democratic, and modern constitution. It was drafted along three lines: general principles, doctrine or dogma, and organic aspects. The draft constitution was written and approved in a spirit of flexibility. It was decided that principles would be discussed during the preparation of the final draft of the constitution, which will be written after the open meetings take place.

Commander Nunez Tellez told the members of the National Assembly that a new challenge is ahead: the preparation, drafting, discussion, and approval of the final draft of Nicaragua's first constitution. In his report on the first draft constitution, the president of the National Assembly told the deputies: We must be ready to make sacrifices during this second session of the legislature to fulfill the task that the Nicaraguan people have assigned to us, to draft Nicaragua's first honorable, sovereign constitution. He said that the open meetings will be very important because through them the people will cautiously and in an organized way forge their future. All the people will be free to present their views on the new constitution, he said. Now it is up to the people to say what they want in their constitution.

WHEELOCK REPORTS CASUALTY-FREE COFFEE HARVEST

PA241352 Managua Radio Sandino in Spanish 1200 GMT 21 Feb 86

[Text] The mercenary forces that planned to stage a massacre and intimidate coffee harvesters and growers in the coffee plantation areas were totally disbanded, [Ministry of Agricultural-Livestock Development and Agrarian Reform] Minister Commander Jaime Wheelock said yesterday. During a ceremony to welcome 1,700 coffee pickers who returned from the fields, Wheelock praised the Sandinist Armed Forces' successful efforts to drive the Somozist mercenaries out of the coffee harvest areas. This is what he said:

[Begin recording] The main effort of the Armed Forces, Sandinist People's Army, and Interior Ministry was to establish a military enclosure around the coffee areas so that our people could harvest the coffee. We must also commend the internal effort by the coffee brigade members who had to follow guidelines designed to guarantee their self-defense.

This year we did not have any casualties due to attacks by the mercenaries. Our Armed Forces successfully frustrated Reagan and the counterrevolution's urge to stage a massacre, terrorize the workers, and intimidate growers. [end recording]

PARTY LEADERS SUPPORT ORTEGA CALL FOR UNITY

PA222152 Managua Radio Sandino in Spanish 1200 GMT 22 Feb 86

[Text] Opposition political party leaders reacted favorably to the call for national unity issued by President Daniel Ortega yesterday during the installation of the second session of the National Assembly. Rodolfo Romero Herrera of the Independent Liberal Party, PLI, a dissident from Virgilio Godoy's faction, said that the threat of an imminent U.S. aggression against Nicaragua calls for the unity of all of the country's sectors.

[Begin recording] We have clearly stated that a movement toward national unity must include all of the country's sectors. I believe that the aggression Nicaragua is facing compels all Nicaraguans to show patriotism. [end recording]

Luis Sanchez Sancho, leader of the Nicaraguan Socialist Party, termed Commander Ortega's call for unity as important and opportune.

[Begin recording] The call he has made for national political unity in the face of the increased aggressiveness of the U.S. Government -- as confirmed by President Reagan's recent statements in Grenada -- is important and realistic. It coincides with the call that various political parties are making for the creation of a broad, patriotic, anti-imperialistic front in Nicaragua. [end recording]

Carlos Garcia Caracas, of the Popular Social Christian Party said that the call to unity marks the beginning of a broader political phase.

[Begin Garcia recording] The call to unity of all parties marks the beginning of a broader period of domestic political action. I believe that the political consensus already begun must continue until it rallies round it complete national unity to face the U.S. Government's attempts to restore a past that must not be repeated in Nicaragua. [end recording]

Rafael Cordova Rivas, coordinator of the Democratic Conservative Party of Nicaragua, PCDN, said that President Ortega's address was noble and patriotic.

[Begin recording] It was emotional, patriotic, and noble. [end recording]

100 REBELS ACCEPT AMNESTY IN JINOTEGA

PA241650 Managua Radio Sandino in Spanish 1200 GMT 24 Feb 86

[Text] Approximately 100 rebels who fought in the counterrevolution's ranks for several months have turned themselves in to the authorities, taking advantage of the amnesty law. The former rebels, natives of various municipalities in Jinotega Department, turned themselves in yesterday during a ceremony in San Rafael del Norte. According to Francisco de Jesus Rodriguez, Radio Sandino's correspondent in that city, the former rebels said [words indistinct] and pledged to work in their corresponding communities. Here is the report:

[Begin recording] [Rodriguez] More than 100 rebels who laid down their weapons were turned over to their families under the amnesty law during a ceremony at San Rafael del Norte's Heroes and Martyrs Sports Fields on Sunday, 23 February. Zonal FSLN authorities, members of the local junta, Interior Ministry, and National Union of Farmers and Cattlemen [UNAG], and relatives of the surrendering rebels attended the event. UNAG Zonal Representative Augusto Angel Picado urged the peasants to take their combat positions in production and to defend the revolution by promoting the move to surrender so that deserting rebels may confidently rejoin production tasks and participate in the cooperatives' efforts.

Let us listen to a statement by former rebel Rafael Blasco Mairena, who discussed the complicity of the Honduran Army -- the so-called Cobras -- in actions directed against the Nicaraguan Government and people.

[Blasco] I worked at a factory. Then one day -- a Saturday -- I was on my way to work in the morning on a bus and Honduran guards arrested me. They were those special guards from Honduras known as the Cobras. They stage operations during which they round up young Nicaraguans and throw them into prison. They arrest them by pulling them off of the buses and then throw them into prison. Then the contras' vehicles drive up and take them away. They are sent to the bases, where they are given weapons, and from there they are sent to Nicaragua.

Well, after I was arrested, I thought: I am going to Nicaragua. Once I get there I'll figure out a way to get home because I am wasting my time here. There was a clash here in Rio Grande. I was on my way back from there with the rest of the group. The ones in front of us had to fight. We didn't because we were further back. That's when I took advantage of the situation to escape. I dropped everything and fled like a madman. I had never been in combat before. When I saw everybody disband, then I ran. [end recording]

COMMANDERS REPORT CAPTURE OF CONTRA COURIERS

PA211410 Managua EL NUEVO DIARIO in Spanish 20 Feb 86 pp 1, 6

[Text] The nearly total breakup of a contra courier network as well as the capture of 180 mercenaries between 1 January and 15 February are the new blows revealed yesterday by Commanders Juan Jose Ubeda and Manuel Salvatierra, delegate of the Interior Ministry [MININT], and chief of the FSLN 6th Military Region, respectively.

Commander Juan Jose Ubeda detailed several MININT operations in the 6th Region carried out in the last 3 months of 1985 as well as to date in 1986. These operations resulted in the elimination of 49 couriers and the capture of 65 other armed couriers, as well as the recovery of approximately 150 rifles, 130 of which were exhibited.

He also reported on the approximately 85 crimes carried out by the counterrevolution in the past months against the peasant population for refusing to join mercenary ranks, or for being sympathizers with the revolution.

These crimes were committed in Rio Blanco, Tuma, Waslala, Waslalita, and La Sirena. Among other criminals already identified, he mentioned "Campeon," "Chacal," "Colim," Pedro Hernandez, Luis Angulo, and "Perron."

He mentioned the murder of peasant Concepcion Estrada, who was killed by "Colim," and the case of Concepcion Rivera, a peasant killed after she convinced her sons to lay down their arms [desalzarse].

The commander pointed out that the number of crimes committed by the contras is much larger and those that are mentioned are just cases reported by relatives of victims to MININT delegations.

Further commenting on the breakup of the mercenaries' support bases, for example, the courier systems, Ubeda said that MININT had begun a number of operations involving special units, which also seized weapons.

A large number of FAL, G-3, AK, Garand, and VZ rifles; mines, grenades, rockets for RPG-7 rocket launchers, grenades for 60 mm mortars, blue uniforms, nylon knapsacks, raincoats, magazines [preceding word in English], etc. were exhibited to those present.

He reported that during MININT operations between 1 January and 15 February, 180 counterrevolutionaries were captured, most of them between San Ramon and Matiguas.

He also reported that during the last 3 months of 1985, 213 peasants, who deserted from the contras turned themselves in to the authorities. To date in 1986, 125 others have turned themselves in. The total of 338 shows the degree of demoralization prevailing among the mercenary forces.

Ubeda commented on the lack of credibility of the contras, which is reflected in the large number of desertions from their ranks.

Commander Manuel Salvatierra, chief of the FSLN 6th Military region, commented on the operational-military situation in January and February in that area. He mentioned that the training of their forces and the improvement in the quality of their weapons were among the objectives that the counterrevolution was going to carry out in November and December 1985, in order to later infiltrate mercenaries through San Andres, Bocay, to northern Jinotega.

The objective of that operation, Salvatierra said, was to enter deep into Region 6 in Matiguas, into downtown Matagalpa, and into the coffee fields in Jinotega, something which was not achieved.

"To that end, the military man added, they had up to 3,500 men. The new element in this phase was the introduction of more sophisticated weapons such as the "SAM-7" missile. [quotation marks as published]

He said that despite all these actions by the mercenaries, their plans for 1986 were neutralized through 136 clashes initiated by the EPS which resulted in 233 dead, approximately 94 wounded, and 29 captured.

"Contra activity, in contrast, was reduced to 4 ambushes, 3 attacks, 3 infiltrations, 10 aerial violations from Honduran territory to supply their forces, and 3 kidnappings."

The EPS offensive also yielded the recovery of 2 M-60 machine guns, 82,000 cartridges of various calibers, 6 radios, and 70 rifles.

The main clashes took place in northern Zelaya, and in northern Jinotega Departments, near Yali and Wiwili.

He pointed out that despite their attempts to harm coffee pickers, no regrettable incident in this regard was reported due to the activity displayed by EPS troops which all but cornered the mercenaries, thwarting their mobility.

He also said that there are still some isolated forces [remanentes] in the region that are acting in desperation and are seeking to retreat in the north; that is, they are heading toward their bases in Honduran territory.

Three couriers of the mercenary forces who had been collaborating in recent years in various points in the 6th Region by conveying information and carrying weapons were also presented.

Their names are Evaristo Luciano Soza Mendoza, Abel Aguilar Montoya, and Modesto Merlos Hernandez, all of them recruited between 1983 and 1984.

Abel said that he knew of the murder of the Sandinist Unity youths in San Jose de las Mulas, because the mercenaries stopped at his hut on their way to that place.

Merlos Hernandez said that he is the father of 13 children and admitted that during his initial contact with a so-called Juan Perez, he agreed without hesitation to help the contras. He said that he worked as a courier under orders of a so-called "Musun."

CASTRO ARRIVES IN MOSCOW, MET BY SHEVARNADZE

FL241321 Havana Television Service in Spanish 1300 GMT 24 Feb 86

[Text] Commander in Chief Fidel Castro Ruz, first secretary of the Communist Party of Cuba, arrived this afternoon in Moscow at 1200 local time heading the Cuban delegation to the 27th CPSU Congress. Carlos Rafael Rodriguez and Jorge Risquet Valdes, Politburo members, and Lionel Soto Prieto, Secretariat member and Cuban ambassador to the Soviet Union, are part of the delegation attending the CPSU congress.

Meeting the chief of the Cuban revolution at the airport was Eduard Shevardnadze, CPSU Politburo member and foreign affairs minister, and other leaders of that sister country.

Places Wreath at Lenin Mausoleum

FL241614 Havana Radio Reloj Network in Spanish 1032 GMT 24 Feb 86

[Excerpt] Commander in Chief Fidel Castro, first secretary of the Communist Party of Cuba [PCC], has placed a floral wreath at the mausoleum of Vladimir Ilyich Lenin, founder of the Soviet state. Castro is making his 11th visit to the Soviet Union, at the head of the PCC delegation to the 27th CPSU Congress.

NATIONAL ECCLESIASTIC MEETING CONCLUDES IN HAVANAPapal Envoy Speaks

FL242341 Havana Television Service in Spanish 0100 GMT 23 Feb 86

[Text] This week Havana hosted a Cuban National Ecclesiastical meeting. Delegates and guests carried out their work at the Felix Varela sacerdotal center in an atmosphere of dialogue and social participation. Cardinal Eduardo Pironio, Pope John Paul II's envoy and president of the Pontifical Council for the Laity, made the closing remarks.

[Begin recording] Thank you for the simplicity and the affection with which all of you, my dear brothers and friends, have welcomed me, especially the bishops. I thank the authorities of this country, which have admirably facilitated my being able to accomplish so much in such a short period of time. I thank them for the generosity and warmth I have felt. I can assure you that the Cuban people and their history have touched my heart deeply during these days. [end recording]

Cuban Vice Foreign Minister Ricardo Alarcon, bishops, and ecclesiastic authorities from several countries were present at the closing ceremony. The event concluded with a mass at the cathedral, celebrated by Cardinal Pironio. Within the framework of this ecclesiastic meeting, the delegates honored Felix Varela on the occasion of the 133 anniversary of his death. Jose Felipe Carneado, chief of the Central Committee Religious Matters Department, attended the solemn ceremony at the University of Havana's main amphitheatre.

Rules Out Papal Visit Soon

PA241546 Madrid EFE in Spanish 1200 GMT 24 Feb 86

[By Juan Jesus Aznarez]

[text] Havana, 23 Feb (EFE) -- Cardinal Eduardo Pironio, papal envoy to the meeting of Cuban Catholics, has said here that a visit by John Paul II to Cuba is not foreseeable in the near future. Msgr Pironio, accompanied by the papal nuncio in Havana, Msgr Giulio Enaudi, met for an hour and a half with Cuban President Fidel Castro, to whom he delivered the pontiff's greetings.

In statements to EFE, Cardinal Pironio explained that he did not travel to Cuba to arrange for the pope's trip and that the issue had not been brought up during the meeting. "I am optimistic that the pope will visit Cuba, but not immediately, because his schedule is already filled for 2 or 3 years," he said. He added: "That does not mean that on one of his trips to Latin America he may not also include a visit here, but, I repeat, I did not come with any special mission to arrange that trip."

The papal envoy, president of the "Pontifical Council for the Laity," has attended all sessions of the "Cuban National Ecclesiastical Meeting" and has noted that it is "of great significance to the Catholic Church in Cuba." Cardinal Pironio described his meeting with the leader of the Cuban revolution as "most cordial" and remarked: "Both parties had shown interest in communication and dialogue." "We did not discuss specific issues. It was, above all, a quick look at the principal problems of Latin America in view of the situation of misery, the underdevelopment of many Latin American nations, and other matters," he reported.

The pontifical representative said that John Paul II would travel to Cuba "immediately" if the Holy See and the Cuban Government should deem the conditions proper for, "let us say, a pastoral" visit. "The conditions should be properly ripe, evidencing the desire of both parties that the pope's visit should not be simply a passing light and that his presence should really mean something new to the Christian communities," he said.

The president of the "Pontifical Council for the Laity," who will inform the pope about the most important meeting of the Cuban Catholics in the past 25 years, affirmed that his impression about the religious assembly was "strongly positive." "This week's meeting means much to the Cuban Catholic Church, to its renewal, to its commitment to walk ever closer to man, to all men," he said. "The Church must not be buried in itself or in what is merely the cult; it should value the presence of the laity, particularly in the world of temporal realities: the family, work, culture, and so forth," the cardinal said.

He stressed that he was most impressed by the desire for reconciliation expressed through the various motions and "in seeing how the Cuban Christians showed their patriotism." At the beginning of the mass closing the meeting, offered by the cardinal of the Havana cathedral, the faithful who filled the premises sang the national anthem and shouted: "Cuba, Cuba, Cuba."

During his stay in Cuba, Msgr Pironio visited several Christian communities "to let them know how closely the pope watches them, loves them, and encourages them." He noted the unity existing between the Cuban bishops, priests, clergy, and laity and described Cuba as "one of the most exemplary nations in that respect."

Concerning the Central American conflict, he said the church must act "most objectively and tactfully" in view of the special, tense situation in some countries. He said that "what is known as the popular church" in Latin American nations "does not present the true image of the church, which is in full communication with the pastors, and consequently with the holy father." He was optimistic that the problems affecting the Central American area can be resolved, explaining that he did not know in detail the position of the North American bishops on the aid to the "contras" fighting the Sandinist regime. In reference to this, he said: "I believe the peoples must have enough freedom to decide what they want, but I do not know specifically the position of the U.S. bishops."

He denied the Cuban Government had manipulated the Catholic Church meeting, which he described as the result of a slow process, "seriously considered by the church and which bore its fruits at this meeting, in which the church has felt quite free."

Meeting 'Surpassed' Expectations

PA241849 Madrid EFE in Spanish 1215 GMT 24 Feb 86

[By Raquel Martori]

[Text] Havana, 24 Feb (EFE) -- The Cuban Catholic Church has evaluated the results of the "National Ecclesiastical Meeting" as having surpassed the expectations of all its participants. During his latest meeting with the press, Monsignor Carlos Manuel de Cespedes, vicar of the Archdiocese of Havana and spokesman for the meeting, commented: "I never expected the consensus to be as broad as it actually was."

Msgr Cespedes spoke about the development of the meeting -- which began on Monday, 17 February, and concluded yesterday -- the "work document" that served as the basis for the debates, and other documents on topics ranging from the current situation of the Cuban Church, pastoral action, "faith and culture," "the laity," "faith and society," and the objectives sought by the Cuban church in its future plans.

The "National Ecclesiastical Meeting" (ENEC) was held following a process of "ecclesiastical reflection," which began in the early 1980's and which called for analysis in order to produce the "working document" at the diocesan meetings on the island, including a wide range of aspects concerning the church's internal life. Msgr Cespedes said that both the meeting and the document "can be the catalysts for giving new life to Cuba's revived church." Msgr Cespedes noted that the "National Ecclesiastical Meeting" will become an achievement "to the extent the church makes it part of life." "If the ENEC and its conclusions are made part of the Cuban people's life, then it can be considered an achievement of the Cuban people."

Evangelization, renewal, revitalization, and, in sum, a new style proposed by the Cuban Catholic Church are some of the main options presented at the meeting. The spokesman for the meeting also stressed the Cuban Catholic Church's willingness to hold talks with the state and at the same time stressed that "reality cannot be ignored, and that is the church's option in Cuba."

"All of the participants at the meeting are in favor of dialogue," Cespedes said, adding: "We must clearly emphasize our willingness to talk and to participate in a dialogue," because "the Cuban church has never favored a confrontation." In a message revealed at the end of the meeting, the Cuban Catholics urged the Church to be "missionary, worshipful, and incarnated."

The Episcopal Conference will meet next Monday to discuss the meeting's "final document," which is expected to be published in the form of a book. The preparation of a pastoral letter will also be discussed. The delegates to the ENEC -- 181 laymen, churchmen, priests, and bishops -- signed a letter addressed to Pope John Paul II in which they proclaim their "steadfast faithfulness to Peter's See" and their "profound communion with the church throughout the world and Latin America."

The delegates stressed that the presence at the meeting of Cardinal Eduardo Pironio, the Pope's personal representative, "gave the meeting an atmosphere of contemplation, hopefulness, serenity, and confidence, characteristic of the things of God."

McGrath Rejects Contra Aid

PA232106 Havana International Service in Spanish 0000 GMT 21 Feb 86

[Text] Here in Havana, Panamanian Archbishop Marcos McGrath has spoken against U.S. Government aid to Nicaraguan counterrevolutionaries. He said that he shares the moral view of the U.S. bishops who oppose President Reagan's policy. A solution will not be found through the military path, he said. It can only be found through a dialogue. He also said that the Salvadoran church plays a great role in the mediation between the guerrillas and that country's regime. He noted that Latin America must be more united, because our weaknesses stem from our lack of unity.

McGrath is representing the churches of Panama and Central America as a guest at the Cuban National Ecclesiastical Meeting, which began in Havana on Monday.

Archbishop: Words 'Misinterpreted'

PA231747 Panama City STAR AND HERALD in English 23 Feb 86 pp 1A, 12A

[Text] The Archbishopric of Panama said that statements attributed to Monsenor Marcos Gregorio McGrath in Havana, Cuba, and distributed by an information agency which stated that he "Opposed United States aid to 'Contras' in Nicaragua," were misinterpreted. According to the bulletin issued by the Archbishopric, McGrath said "That he refrained explicitly from making personal statements on U.S. aid to the 'Contras'." The text of the bulletin is as follows:

Bulletin

On his return from Havana, Cuba, on Friday Feb. 21, where he attended the Cuban National Ecclesiastic Encounter, Monsenor Marcos Gregorio McGrath, Archbishop of Panama, promised prompt information to the Church and the public in general, on the historic meeting of the Church in Cuba. At the same time, the Archbishop hastened to correct certain aspects on statements attributed to him and which appeared in local dailies on Friday, Feb 21, giving the total context of the interview.

1. On United States aid to 'Contras' in Nicaragua, reference was made on the stand taken by United States Bishops, who are opposed to the aid being given; he said explicitly that he refrained from making any personal statements.
2. He cited the constant insistence of the church in respect to the main problem in Central America, which is poverty and the frequent injustices that require peaceful economical and political solutions, not arms, neither conflicts nor military intervention, which only destroys everything, including mankind.

3. Within the Central American context, he applauded the reconciliatory efforts of the Church, especially in El Salvador.

4. On Contadora, he was of the opinion that dialogue and its proposals are a ray of hope for peace, but, needed to be complemented with more effective dialogue between those in conflict in each nation.

Archbishopric of Panama Feb 22, 1986

ALMEIDA STOPS IN ALGERIA, EN ROUTE TO SDAR

FL250057 Havana Radio Rebelde Network in Spanish 0000 GMT 25 Feb 86

[Text] Commander of the Revolution and Politburo member Juan Almeida Bosque has stopped over in Algiers en route to the Saharan Democratic Arab Republic. The high-level Cuban leader will attend the Saharan Democratic Arab Republic's events commemorating the 10th anniversary of its founding.

COOPERATION PROTOCOL SIGNED WITH YUGOSLAVIA

FL250217 Havana Radio Rebelde Network in Spanish 0000 GMT 25 Feb 86

[Text] Cuba and Yugoslavia have signed a protocol which includes economic cooperation possibilities for the period of 1986-1990. The document was signed in Havana by Jose Lopez Moreno, Central Committee member, vice president of the Council of Ministers, and minister president of the Central Planning Board, and Dr Milos Sindic, director general of the Federal Planning Institute of the Socialist Federal Republic of Yugoslavia.

TANZANIAN PARTY RENEWS COOPERATION AGREEMENT

FL221255 Havana Radio Progreso Network in Spanish 1200 GMT 22 Feb 86

[Text] Politburo member Jorge Risquet and (Engombale Nueru), Politburo member of the Revolutionary Party of Tanzania and chief of its Ideology, Political Education, and Training Department, have signed a document renewing a cooperation agreement between the two organizations. The agreement allows exchange of information for a better understanding and to work on problems which arise in the struggle against imperialism, colonialism, neocolonialism, racism, and apartheid.

TRADE MINISTER MEETS JAPANESE INDUSTRIALIST

FL241632 Havana Radio Reloj Network in Spanish 1549 GMT 24 Feb 86

[Text] Cuban Foreign Trade Minister Ricardo Cabrisas met today with Yoshihiro Inamaya, president of Keidanren, a powerful federation of Japanese economic and industrial groups. During the meeting, Inamaya expressed interest in the development of the Cuban economy and participation of several Japanese businesses and entities in that economy.

DOMINICACHARLES COMMENTS ON COMMUNISM IN THE AREA

FL242221 Bridgetown CANA in English 2041 GMT 22 Feb 86

[By Alister Hughes]

[Text] St George's, Grenada, Feb 22, CANA -- Communism is presenting a new face to the eastern Caribbean, Dominica's Prime Minister Mary Eugenia Charles said here. The Caribbean's lone woman prime minister said the new tactic was to try to prove to the subconscious of the people that communism is the best way to go.

Miss Charles, who was among nine Caribbean Community (Caricom) leaders here last Thursday for a mini-summit with U.S. President Ronald Reagan, said in an interview afterward: Only in Grenada will you now hear the rhetoric. The communists in the other islands now seek to appear friendly, kind and gentle...they are nice citizens. The communist cells in the eastern Caribbean will now try to promote themselves through the election process, she said, and this development was discussed with Reagan.

She expressed concern about the training the communists are now giving the young people, in the Caribbean and said the Western democracies must counteract that by equivalent training.

The possibility of a repetition in the eastern Caribbean of the Grenada revolution was not discounted, Miss Charles said, and Reagan promised to support the regional security scheme in ways determined by the island governments.

HAITIDEMONSTRATIONS BANNED; OFFICIALS SEEK ASYLUM

FL241510 Bonaire Trans World Radio in English 1130 GMT 24 Feb 86

[Excerpts] Haiti's new six-man military-civilian junta has banned public demonstrations following continuing reports of violence against sympathizers of former President Jean-Claude Duvalier.

An official communique banning the demonstrations and warning citizens police will take strong steps to stop attacks on government supporters of the former president was published Saturday in the weekend editions of two newspapers.

Meanwhile, the Brazilian Embassy in Haiti has refused comment on reports that at least three former officials who served the deposed dictator asked for asylum. The former police chief is said to be one of them.

PRESIDENT HOYTE OUTLINES ECONOMIC PROGRAM

FL242215 Bridgetown CANA in English 2326 GMT 22 Feb 86

[Text] Georgetown, Guyana, Feb 22, CANA -- The six-month-old government of President Desmond Hoyte plans to open up Guyana's state-dominated economy to private enterprise, in particular from the Caribbean Community (Caricom), as part of its overall strategy for pulling the country out of a prolonged economic crisis. Outlining his programme for turning around the economy in a CANA interview, Hoyte said investment opportunities would be available to the private sector for exploiting the country's mineral and other resources under joint venture arrangements.

At this time, we don't have the capital and we don't have the technology that is needed to exploit these resources, he said. We know that many business people in Caricom have the capital, have access to the technology. So the whole idea is for us to pool our resources that we have (and) they pooling their financial resources and managerial resources and skills and so on to develop enterprises for our mutual benefit.

Hoyte said the government had already received investment proposals and enquiries from a number of Caricom businessmen. We are hoping that at least we could have the example of one of these projects coming off the ground just to illustrate the possibilities inherent in this kind of cooperation, he said.

Hoyte, indicating a willingness to give the private sector a greater role than his socialist predecessor Forbes Burnham, said his government had introduced new steps to encourage activity, like giving business a say in the formulation of government budgetary measures. He said the government would encourage increased agricultural production for the benefit of farmers and the public, take steps to ensure that local produce is not disadvantaged by imports, and continue to push the idea of import substitution. For example, he said government would not lift an import ban on sardines when there is an abundance of fresh fish available locally, but suggested the policy was not inflexible.

...we are not technological about our policies and programmes. We introduce policies which we believe are directly related to development. If these policies turn out to be ill-conceived or the circumstances change and would require an adaptation of changes in policies, well then we are prepared to do that, he said. At the moment, government was reviewing the situation of food production, and food availability at reasonable prices, he said.

With regard to the vital bauxite industry, Hoyte said the top priority was rehabilitation of the processing plant. Once we can rehabilitate the plant in the bauxite industry, I think we will survive and make the industry viable. He said government was holding discussions with the World Bank and the European Community on funding for the project.

Hoyte said government was reorganising the loss-making sugar industry, another key sector, with the emphasis being placed on diversifying the operations of the state-owned Guyana Sugar Corporation (Guysuco). He cited the possibility of producing ethanol, using bagasse for electricity generation, and getting Guysuco more involved in dairy farming, rice cultivation, and fish farming. What we will do with the sugar corporation is turn it into an agricultural complex and not merely a sugar complex, so that we reduce the dependency of that corporation on the export of sugar and sugar prices, he said.

PRESIDENT LIFTS WHEAT FLOUR IMPORT BAN

FL242238 Bridgetown CANA in English 1636 GMT 24 Feb 86

[Text] Georgetown, Feb 24, CANA -- Guyana's President Desmond Hoyte has announced the lifting of a four-year government ban on the importation of wheaten flour, but said it could be sometime before the product is again officially available. The announcement at the annual flag raising ceremony marking republic day brought spontaneous and prolonged cheers from an estimated crowd of 15,000.

With the imposition of the ban by the late President Forbes Burnham, wheaten flour became a most sought after product on the black market, with Guyanese prepared to pay exorbitant prices to get supplies. The government had promoted production of rice flour instead as part of a policy to force Guyanese to eat local substitutes in the face of a prolonged shortage of foreign currency.

Hoyte indicated that the government's decision to lift the ban was linked to the fact that production of rice flour had not met demand. He said the government had no foreign exchange to purchase wheat supplies, but supported an initiative by the owners of the national milling company that would permit supplies to be imported without the need for government providing hard currency. He did not elaborate on the initiative.

In the circumstances, therefore, accepting that in our society flour has become a staple, I have agreed in principle to a proposal put to the government by the owners of the national milling company to restart the production of wheaten flour in Guyana, on the basis of their representation that a source of wheat could possibly become available without the government being required to make any significant outlay of foreign currency, he said.

But Hoyte cautioned: The production of flour will not start today. It will take some time for the various arrangements to be put in place. With wheaten flour being retailed on the black market at 11 dollars (one Guy dollar; 24 cents U.S.) a pound, officials estimate that 50 million dollars is garnered by smugglers annually.

Hoyte conceded that smuggling of wheaten flour into Guyana had reached extremely large proportions, with public officials and private individuals both here and in the supplier countries being caught in a wide trail of corruption. There had been signs for some time that Hoyte, who took power on Burnham's death six months ago, would have lifted the ban on wheaten flour.

TRADE MISSION COMPLETES CARIBBEAN TOUR

FL212248 Bridgetown CANA in English 2125 GMT 21 Feb 86

[Text] Georgetown, Feb 21, CANA -- A Guyana trade mission which has just completed a tour of several Caribbean Community (Caricom) states has reported immense interest within the region in increasing trade with Guyana. Mission head Winston Murray said special interest was shown in Guyanese sugar, rice, timber, timber products and pharmaceuticals. He said that Guyana gave the undertaking that it would import laundry soap from Dominica, edible oil from St Vincent and the Grenadines and footwear from St Kitts and Nevis. [sentence as received] In addition, Guyana would examine the possibility of importing margarine from St Lucia and other products from St Lucia and the Grenadines.

Murray said several barter arrangements were under active consideration. He said Guyana would receive payment from some of its exports by receiving products such as paints, foam and margarine. These items though produced in Guyana are not readily available to consumers because of the unavailability of foreign exchange to finance the importation of inputs.

Murray said possibilities for setting up joint ventures between Guyana and Trinidad and Tobago had reached a relatively advanced stage. The mission discussed with the Trinidad and Tobago private and public sector the pooling of resources for the construction of pre-fabricated houses, manufacture of wooden garden tubs, establishment of wood preservation and kiln drying operations and production of nectar and fruit juices from local produce.

The trade and goodwill team was sent to the Caribbean following talks between President Desmond Hoyte and several Caribbean leaders in Mustique last month. The mission's aim was to find ways of improving and expanding trade between Guyana and other Caricom member states. It visited Barbados, Trinidad and Tobago, Grenada, St Lucia, St Vincent and the Grenadines, St Kitts and Nevis and Dominica. The team is scheduled to visit other Caricom states at a later date.

VENEZUELAN AMBASSADOR DEEMS RELATIONS 'GOOD'

FL150252 Bridgetown CANA in English 2015 GMT 14 Feb 86

[Text] Georgetown, Feb 14, CANA -- Outgoing Venezuelan ambassador to Guyana, Dr Enrique Pienado Barrios, says he is satisfied that there is genuine friendship between the two neighbouring states, which have a longstanding border dispute. The present relations between Guyana and Venezuela are friendly and characterised by a common spirit of understanding, he told CANA.

Barrios said discussions are underway for Venezuela to purchase more of Guyana's bauxite. He identified forestry, food, and fisheries as areas for an expansion of trade.

Speaking about the territorial issue, he said he hoped for an early settlement. Venezuela's claim for five-eighths of Guyana is now before the United Nations secretary general. But the territorial issue should not affect the good relations now existing between our two states, he said. Barrios, who leaves here next week, first served here as ambassador from 1978-1980 and began his second term in 1984.

GOVERNMENT TO SEEK CARICOM MEMBERSHIP THIS YEAR

FL051735 Bridgetown CANA in English 1704 GMT 5 Feb 86

[Text] Paramaribo, Feb 5, CANA -- Suriname will seek membership of the Caribbean Community (Caricom) this year, Foreign Minister Eric Tjon Kie Sim says. The minister told a news conference that integration was a key component of Suriname's policy toward the region. Suriname has observer status in the community whose 13 members are all former British colonies.

The foreign minister said the region was not well-attuned to the Dutch-speaking republic, citing a lack of information and negative propaganda. He added: We shall establish all cooperation links which will serve our national interest. The minister pointed to Suriname's successful relations with Brazil and Colombia.

On Guyana, with which Suriname once had a raging border dispute, he said relations were reasonably good. But he said there were a few unspecified problems which had to be resolved and it was intended to have discussions on these during the year. He said that relations between Suriname and Trinidad and Tobago, Caricom's richest nation, will be evaluated shortly with a view to strengthening them.

The minister also announced a number of changes in ambassadorial appointments and said some diplomatic representation has been cut in an effort to trim expenditure. He said Ambassador Donald MacLeod had been recalled from Washington and has taken up a post at the Foreign Ministry. His replacement is former Ambassador to Venezuela Arnold Halfhide. The new ambassador to Washington will also serve Canada.

The embassy in Brussels will now be responsible for Romania, Czechoslovakia and France, while the Guyana Embassy will service Caricom. The country's consulate general in Cayenne will also be responsible for the other French Caribbean overseas departments of Guadeloupe and Martinique.

BRAZIL TO PROVIDE \$20-MILLION LINE OF CREDIT

FL190250 Bridgetown CANA in English 1730 GMT 18 Feb 86

[Text] Paramaribo, Feb 18, CANA -- Brazil has extended a U.S. 20 million dollar line of credit to Suriname to finance purchases of material used in the ceramics, glass, and soap industries, the government announced. The agreement was signed here by officials of the two countries during a visit by a Brazilian technical mission at the end of last month.

The line of credit was secured by Prime Minister and Minister of Finance Win Udenhout when he visited Brazil last November.

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CONGRESSMEN RETURN FROM UK, COMMENT ON TALKS

PY251946 Buenos Aires Domestic Service in Spanish 1600 GMT 25 Feb 86

[Text] Senator Adolfo Gass and Deputies Federico Storani and Jose Bordon today returned from Great Britain. At Ezeiza Airport they were interviewed by Radio Nacional reporter Osvaldo Tejeria:

[Begin relay] [Tejeria] Three of the four congressmen who held talks with British parliamentarians have just returned from London. Federico Storani made the following statement:

[Begin Storani recording] The result was very favorable. We met all representative opposition politicians and also parliamentarians belonging to the government party who undoubtedly have moved toward our position by making more flexible the position now held by the UK Government and by favorably viewing the UN resolutions on negotiating all aspects of the future of the islands. This obviously includes the sovereignty question.

This of course did not please Prime Minister Margaret Thatcher's government, and for this reason I believe that a maneuver was contrived with the intention of making its position appear before the world as flexible and making us appear intransigent. It was alleged that there was an invitation, but it was never made, and when it was learned that there was the possibility of a meeting, it was also leaked that the agenda of the meeting would explicitly exclude the sovereignty problem, which from our point of view made the meeting completely pointless. [end recording]

[Tejeria] Senator Adolfo Gass has also returned from London, and we asked him what he believed was the most important result of the meetings he held there.

[Begin Gass recording] We had the opportunity to talk with the most prominent political leaders of the United Kingdom, not with those of the opposition with whom we have met on other occasions, but with members of the government party. Our visit can be evaluated only in one way to see if it was important or if it was meaningful or not. The proof of its importance can be seen in the fact that the prime minister found herself forced through our visit to make a maneuver to link us with a man at the Foreign Office. This maneuver, of course, was not successful.

In the second place, she also found herself compelled, for reasons of domestic policy, to make a statement in the House of Commons that she would not agree to hold any talks, on the transfer of sovereignty over the Malvinas Islands. Not satisfied with this, and seeing how we were received by the media, the institutions, Parliament, and the House of Lords, she sent her chief adviser Baroness Young, a Foreign Office under secretary, to visit the Malvinas Islands to somehow discredit our visit. I assure you newsmen that she did not succeed in her objective. [end recording]

[Tejeria] This was what Senator Adolfo Gass said this morning at Ezeiza on his return from Great Britain. [end relay]

SHLAUDEMANN, ALFONSIN DISCUSS CENTRAL AMERICA

PY241822 Buenos Aires Domestic Service in Spanish 1600 GMT 24 Feb 86

[Relay from Government House by Susana Ferrao]

[Text] Argentine President Raul Alfonsin today held a meeting at the Olivos presidential residence with the U.S. Roving Ambassador for Central American Affairs Harry Shlaudemann. At the end of the meeting, presidential spokesman Jose Ignacio Lopez read the following communique.

Argentine President Raul Alfonsin and Foreign Minister Dante Caputo today met with the U.S. President's envoy, Ambassador Harry Shlaudemann. It was a constructive meeting during which they discussed the situation in Central America. During the meeting, Ambassador Shlaudemann confirmed that the United States is not considering military intervention in the region. They also discussed possible actions to put in practice the proposals that the Contadora Group and the Contadora Support Group made in Caraballeda, with whose objectives the U.S. Government has stated it agrees. President Alfonsin said that Argentina's position is reflected in its actions in the Contadora Support Group. He asserted that the Caraballeda proposal presupposes the simultaneous enforcement of all the points included therein.

FURTHER ON ALFONSIN-SANGUINETTI STATEMENTS

PY250236 Buenos Aires BUENOS AIRES HERALD in English 23 Feb 86 p 1

[Excerpts] (NA-DYN) -- Argentine and Uruguayan Presidents Raul Alfonsin and Julio Sanguinetti yesterday expressed their "most adamant rejection of the protectionist policies and unfair trade practices" of the industrialized nations, especially the European Economic Community (EEC) and the United States," and warned of the "dramatic consequences these policies imply for stable international relations." In a joint statement, the two presidents stressed that the policy of subsidizing agricultural exports applied by countries of the North "violate basic norms of free and just market access and the very economic principles development nations preach."

In a second statement, they urged all Latin American countries to sign a regional assistance treaty for food emergencies aimed at "alleviating the food shortage" of any member country, whether brought on by natural or economic-financial disasters.

They also called on "international agencies, especially regional cooperation and integration organizations to support the initiative," underlining "it is unacceptable at this point in the history of mankind that any circumstance should lead a country to suffer the consequences of hunger."

Alfonsin and Sanguinetti also signed accords to implement "a common border system, joint port policies, amplification of telecommunications networks between the two countries and also gas pipelines, and stepping up studies for building the Buenos Aires-Colonia bridge."

Those accords point to "making border traffic for people, goods and vehicles more fluent," utilize "Uruguayan ports as complementary for Argentine exports," and "deepen canals in the area of Martin Garcia Island," among other efforts to promote greater bilateral integration.

They also agreed to "intensify political involvement" in putting into practice the bilateral accords and giving greater dynamism to the working commissions of the Argentine-Uruguayan CAUCE economic cooperation treaty.

FOREIGN MINISTER BACKS RAPPROCHEMENT WITH CHILE

PY251309 La Paz Cadena Panamericana in Spanish 0000 GMT 25 Feb 86

[Excerpts] Foreign Minister Guillermo Bedregal today announced during a press conference that Bolivia will initiate a diplomatic rapprochement toward Chile. He said that President Victor Paz Estenssoro has appointed Jorge Siles Salinas as the new Bolivian consul to Chile. As is known, Mr Siles Salinas, the brother of former President Adolfo Siles Salinas, is currently director of the newspaper ULTIMA HORA.

Minister Bedregal made the following comments:

[Begin Bedregal recording] I wish to tell you that, given our traditional relations and our geopolitical realities, it is important to have representations. We believe that bilateral economic relations are fundamental within the framework of our foreign policy. I want to publicly announce that the president has ordered that a new consul general be named to Chile. He will be Mr Jorge Siles Salinas. There are two important aspects of Siles Salinas' mission to Chile. We have two specific problems regarding our exchange problem with Chile. We need to establish a more vigorous presence in our consulate (?and in the) customs agencies as a consequence of the troubles stemming from the 1904 Treaty. [end recording]

Afterward the minister added that through this decision the government is approaching Chile and that relations with this country are now totally normal. He also said that Bolivia needs to guarantee free road and train traffic with Chile. In conclusion, the minister said that our relations with Chile are totally independent of the current Chilean regime. He said that Bolivia maintains relations with all countries and, therefore, does not take into account whether or not it is dealing with a constitutional government. Under these perspectives, our relations with Chile are changing and entering a new phase. The possibility of resuming talks on the sea outlet problem in the near future has not been ruled out.

MNR-ADN LEADERS CONFER WITH PAZ ESTENSSORO

PY251530 La Paz Cadena Panamericana in Spanish 1130 GMT 25 Feb 86

[Text] President Paz Estenssoro has held a meeting at Government Palace with members of the alliance made up of his party, the Nationalist Revolutionary Movement [MNR], and the Nationalist Democratic Action [ADN]. During the meeting, several subjects were discussed, including those related to congressional activities and to the development of the Pact for Democracy existing between the two parties. On leaving Government Palace at the end of the meeting, MNR representative Nuflo Chavez Ortiz made the following statement:

[Begin recording] During the meeting we of course expressed the idea of President Victor Paz Estenssoro's party, the MNR, that there is absolute unity between the government and the government party, the MNR. We also expressed some points of view regarding the management of the ministries run by independent ministers [words indistinct] of the MNR, and that the positions of party members be respected in those independent ministries, as well as the positions given to the ADN under the Pact for Democracy. [end recording]

Chavez Ortiz then added that there are no problems whatsoever between the ADN and the MNR, and that the disagreements within the MNR were overcome over the past weekend.

The ADN representative to the alliance, Guillermo Fortun, stated that the meeting was very constructive and that several resolutions were approved. He added, however, that these resolutions will have to be discussed further by the national Congress. [recorded passage indistinct]

Guillermo Fortun added that after the meeting with the president of the republic, some of the resolutions became very clear. These resolutions will be submitted for the consideration of the national congress within the next few hours. Fortun essentially referred to the subject of the nation's general budget in this way:

[Begin recording] The national congress' economic committee is preparing a memorandum that deals with the approval of the budget, which is necessary for the country's development. [end recording]

Those were the remarks made by the ADN representative at the end of the MNR-ADN meeting with the president at Government Palace. In conclusion, this meeting seems to have strengthened the Pact for Democracy signed by these two parties, which received the largest number of votes in the last election.

VICE PRESIDENT ON NEED TO DEVELOP BORDER AREAS

PY241400 La Paz Cadena Panamericana in Spanish 1130 GMT 24 Feb 86

[Text] Bolivian Vice President Julio Garret Ayllon has launched a campaign to preserve the sovereignty of Pando Department and look after the needs of Nueva Esperanza, a town recently founded on the Brazilian border. All Bolivians have the duty to protect Bolivian sovereignty and, at this time, we must turn to a region where our national wealth is being plundered, Garret stated.

Garret reported that he has asked ministries, development corporations, and even international organizations to cooperate in the implementation of a development program for Pando Department. Garret's petition became known after Pando Prefect Ciro Villavicencio sent him a cable, saying that state dependencies, mainly hospitals and schools, must be urgently established in Nueva Esperanza and other border towns in northern Bolivia.

According to the vice president, some corporations, such as the Chuquisaca Development Corporation, have offered to send advisers to study the problems in Pando Department. The vice president said that there is no more time for studies: we need concrete actions. We know the needs of Pando. Funds are needed for hospitals, schools, utility companies, electrical power supply, communications, roads, and airports. We must concretely promote development in northern Bolivia, Garret concluded.

BRIEFS

EMBASSIES IN RIYADH, CAIRO -- Foreign Minister Guillermo Bedregal has reported that Bolivia is to improve relations with the Arab countries by reinstating foreign relations and installing representatives with the rank of ambassador in Riyadh, Saudi Arabia, and Cairo, Egypt. [Excerpt] [La Paz EL DIARIO in Spanish 5 Feb 86 p 3 PY]

U.S. DEFENSE OFFICIAL IKLE CUTS VISIT SHORT

PY260247 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Feb 86 p 2

[Text] U.S. Defense Under Secretary Fred Ikle will spend only half a day in Sao Jose dos Campos visiting the most important Brazilian military equipment manufacturers. The visit will be shorter than the under secretary's adviser's originally proposed in Washington during the preparation phase of his trip to Brazil. The delegation will arrive in the morning at the terminal of the Airspace Technical Center (CTA), under strong security measures. After a quick visit with CTA director Brigadier Hugo Piva, Under Secretary Ikle will go to Engesa [Specialized Engineers, Inc] and Avibras [Brazilian Airspace Industry]. At 1300, the delegation will fly to Rio de Janeiro where they will stay until the following night when they return to the United States.

The visit to Embraer [Brazilian Aeronautics Enterprise] scheduled for the following morning has been cancelled. Officially, Itamaraty officials in Brasilia said that the cancellation resulted from a recent visit to Embraer by officers of the U.S. Air Force who inspected the Tucano T-27 plane. This model has been approved and will be included in the bid for the contract to provide 650 units to be used for training USAF cadets. Other Itamaraty sources, however, disclosed that the change in the program was prompted by Ikle's "considerable irritation" over the publicity about his visit to Brazil, which should have been kept secret. The under secretary may have also considered it inappropriate to visit an industry trying to sign a contract to supply the USAF.

The refusal of Fred Ikle to discuss the Brazilian participation in an eventual peace-keeping force in Central America was construed by Itamaraty officials as "a good result of the intelligence maneuver by Admiral Jose Maria do Amaral Oliveira, chief of the Armed Forces Joint Staff, who, by stating last Saturday that Brazil's position is contrary to such a measure, headed off a proposal that was certainly in the making."

ASYLUM GRANTED TO FORMER HAITIAN POLICE CHIEF

PY242000 Paris AFP in Spanish 1938 GMT 24 Feb 86

[Text] Brasilia, 24 Feb (AFP) -- The Brazilian News Agency ANDA today revealed in Brasilia that the Brazilian Government has granted political asylum to Colonel Albert Pierre, the former chief of the Haitian political police. According to that press agency, Ronaldo Costa, the assistant secretary for political affairs of the Brazilian Foreign Ministry, has announced that Pierre, his wife Marie Ange, and a former police officer, Gener Cotin, will arrive in Brazil within the next few hours. All sought refuge in the Brazilian Embassy in Port-au-Prince when Jean-Claude Duvalier stepped down. According to ANDA they were given a temporary visa for Brazil.

Taken to Noronha Archipelago

PY260234 Rio de Janeiro Radio O GLOBO in Portuguese 0200 GMT 26 Feb 86

[Text] Three political exiles from Haiti, Colonel Albert Pierre, his wife Marie Ange, and former police officer Gener Cotin, have been taken to the Fernando de Noronha Archipelago where they will remain until their legal situation is clarified.

According to an Itamaraty spokesman, sending the Haitians, who are accused of having tortured and killed hundreds of their countrymen, to the island would protect them from retaliation. The initiative caused surprise because it is the first time the Brazilian Government has adopted such an attitude regarding a request for asylum. The Haitian Embassy in Brazil has made no comment on the decision of Brasilia to grant asylum to the former servants of Baby Doc.

RECOGNITION OF PHILIPPINE GOVERNMENT WITHHELD

PY251449 Madrid EFE in Spanish 1054 GMT 25 Feb 86

[Text] Brasilia, 25 Feb (EFE) -- Ronaldo Costa, under secretary for political affairs of the Brazilian Foreign Ministry, has stated that Brazil does not recognize either of the two governments that were installed in Manila today. This high-ranking Brazilian Government official explained that his government's decision is based on international law, which makes it necessary for any new government to have territorial control. In Brasilia, Philippine Ambassador Sergio Barrera told the press through a spokesman that his mission is not being affected by the events taking place in Manila and that his business is continuing as usual.

GROUP TO LAUNCH DEBT NONPAYMENT CAMPAIGN

PY251242 Rio de Janeiro O GLOBO in Portuguese 24 Feb 86 p 3

[Text] Sao Paulo -- The National Congress of the Working Classes (Conclat) will launch a campaign aimed at the suspension of the payments on the foreign debt. The campaign will include a 24-hour strike. The proposal was approved yesterday by the State Encounter of the Working Class (Enclat-Sao Paulo) after a 2-day meeting attended by 453 delegates from 74 organizations. The Enclat-Sao Paulo decided to reaffirm the principle demands of the working class: salary readjustments every 3 months, a 40-hour work week, agrarian reform, and increased purchasing power of salaries. The delegates also decided that pro-salary campaigns should be as unified as possible.

There was not much debate over the majority of decisions, but the atmosphere became tense during the election of the new directorate of the organization. Members of the PCB [Brazilian Communist Party], the PC do B [Communist Party of Brazil], and the MR-8 [8 October Revolutionary Movement] shoved and insulted each other. The new directorate will be headed by the president of the Sao Paulo Airline Workers Union, Oswaldo Ribeiro, who is a member of the PMDB [Brazilian Democratic Mobilization Party], but from the wing influenced by the PC do B. One member each of the PCB, the PC do B, and the MR-8 was included in the directorate.

MONETARY COUNCIL TAKES ANTI-INFLATION MEASURES

PY210102 Brasilia Domestic Service in Portuguese 2100 GMT 20 Feb 86

[Text] Finance Minister Dilson Funaro has reported that the National Monetary Council is holding telephone contacts to adopt measures to reduce consumption and lower the inflation rate. Among the measures to be adopted are: reducing credits to consumers to 48 months, including the financing of new and used cars; shortening the term imposed by automobile dealers' consortiums from 48 to 24 months; changing the policy regarding the limits imposed on special checks, which could be reduced to only 30 National Treasury Readjustable Bonds [ORTN]; and increasing the minimum monthly payment for credit cards, which today is 10 percent. The National Monetary Council could also end consortiums of used car dealers.

COLORADO'S INSFRAN DISCUSSES PARTY UNITY

PY220035 Asuncion ULTIMA HORA in Spanish 19 Feb 86 pp 14, 15

[Interview with Former Interior Minister Edgar L. Insfran by unidentified reporter in Asuncion -- date not given]

[Excerpts] [Question] Dr Insfran, do you believe this is a good time to deliver your note to the government junta?

[Insfran] I believe it is a good time to present this note because the Colorado forces should unite in full reconciliation. The long hegemony the party has achieved provokes and creates offensive actions and reactions inspired by ambitions and frustrations, which sometimes hurt. This may be reason enough for some people to break with the party and stand aside. However, politics go on. National life also goes on, in the same direction, so as not to stagnate. As in all democratic political parties there is a tendency to split. The Colorado Party is not immune to that. I believe that, above all, we should propose a general conciliation, reach out, as we are doing, to all Colorados.

[Question] Which clearly defined sectors do you recognize within the Colorado Party, and which ones are the group attempting to unite?

[Insfran] Well, we all know that there is some division and divergent opinions within the government junta. Some are called "traditionalists" and other "militants." Inside the party there are usually different currents of opinion. There is the Mopoco, etc, but I do not believe that the members of any of these groups stopped being Colorados, except those who really want to, by fully joining strategies and objectives of our political opponents. In this case, nothing can be done, they are no longer Colorados, they are something else. They know, however, that those who want to remain Colorado can remain Colorado.

[Question] The 34 people who signed the note which was sent to the government junta do not, for that reason, make up a new dissenting group?

[Insfran] No sir, by no means, and we do not want to either, because we do not have this intention. It is not our desire to go in that direction. We are not creating any group or sector or hoisting personal flags. In essence, what we propose to do is to reflect the opinions of a great part of the party which takes pride in being Colorado.

[Question] If we all agree that General Bernardino Caballero was the founder of the Colorado Party, might this be the basic figure or idea on which to promote the current unity?

[Insfran] Well, it depends on the leader who will do it. We know that what we are promoting is only an idea and a feeling, which we believe will grow in proportion to our prudence and wisdom. I believe it will go ahead. And there will be a leader to promote our project.

[Question] Have you spoken to Dr Chaves?

[Insfran] Yes, we have.

[Question] What have you spoken about? What does the party chairman think about the note you have presented?

[Insfran] Well, we merely handed the note to Dr Chaves and voiced the feelings which inspired us to write it. As expected, Dr Chaves reacted favorably to our visit. I believe other sectors have also reacted favorably.

[Question] Now, regarding another topic, you have said that in politics a person must be discreet. Can we consider the fact that you have been out of political events for such a long time proof of this discretion?

[Insfran] All positions have their right time. There is a time to observe, a time to sow, a time to harvest, a time to live, and a time to die. It is just a matter of time.

[Question] Do these words mean it is the time to go back into politics?

[Insfran] We have always considered it important to take action to defend our party. We cannot be indifferent to splits among people or sectors of the Colorado Party. This might be the reason for our half-logical, half-sentimental attitude.

[Question] How did the group come to be? Are there permanent ties among you, or has it only been a reunion inspired by the upcoming centennial?

[Insfran] No, we support the same cause, we are acquaintances, friends, and we have many more friends. The 34-name list does not reflect how many people support this cause. Actually, we are many more. There are very good people in this Group of 34, some of them are very good friends of mine: university professors, writers, economists, and intellectuals. I am one of the more modest members of the group, but they have created a situation in which I have to act almost as the spokesman.

[Question] Are you the leader?

[Insfran] No, not at all. We are all at the same level.

[Question] Do you meet regularly?

[Insfran] Yes, whenever necessary. We meet regularly, but we do not belong to any executive board. Therefore, we are not part of a faction, nor, are we fostering personalism.

[Question] If the note does not receive a favorable answer from the party leadership, what will the people who signed it do? Will the matter be closed, or will you try something else?

[Insfran] The answer to that question belongs to the realm of discretion, right? We cannot give an opinion yet.

[Question] Will you persist?

[Insfran] Of course. We know we will have to confront many difficulties, possibly a rejection. However, I do not believe a note conveying such a generous feeling and asking for nothing in return should be rejected. We are not asking for anything.

[Question] What do you think of the Colorado Party's future?

[Insfran] Thus far I am optimistic, despite all the shouting that goes on at times.

[Question] Anything else you would like to add?

[Insfran] We hope our optimistic expectations will come true, because this will benefit not only the Colorado Party but also national civic life.

GOVERNMENT DENIES KNOWLEDGE OF NAZI ARRIVAL

PY211515 Madrid EFE in Spanish 0057 GMT 21 Feb 86

[Text] Asuncion, 20 Feb (EFE) -- The Paraguayan Foreign Ministry today denied knowing anything about the arrival in Paraguay of former Nazi officer Teodoro Suonnen after fleeing from Buenos Aires. "We know nothing about the arrival of Suonnen in this country," Paraguayan Interior Ministry spokesmen told EFE today. Suonnen, according to reports from Buenos Aires, fled from Argentina with forged Uruguayan documents after being discovered by Israeli secret service agents. Teodoro Suonnen, 77, who was traced last November to Buenos Aires Province, is accused of participating as an SS officer in the massacre of thousands of Jews.

GARCIA, WAR MINISTER ON ANTITERRORIST ACTION

PY251458 Lima Radio del Pacifico in Spanish 1200 GMT 25 Feb 86

[Summary from poor reception] War Minister General Jorge Flores Torres has said that because of the "escalation in the wave of violence, the Armed Forces Joint Command is planning new emergency measures." He added that "the subversives are trying to find new ways to undertake spectacular actions," like the ones of the last few days. Meanwhile, "President Garcia has asserted that the government has declared it to be a physical and historical need to end the escalation of the Shining Path subversive violence in the Andean Trapezium. Garcia said that this group is inhuman because it captures and subjugates community leaders to make them serve as a link with the peasants who then die as cannon fodder. He stated that the Shining Path recently has suffered hard blows in the central mountain range, which had led it to try to enter Cusco Department by way of (Pilcahuamas), but that is now too late, according to President Garcia."

TUPAC AMARU GROUP FORMS ALLIANCE WITH M-19

PY250119 Paris AFP in Spanish 2145 GMT 24 Feb 86

[Text] Lima, 24 Feb (AFP) -- Today in Lima, the Peruvian Tupac Amaru Revolutionary Movement (MRTA) confirmed that it belongs to the America Battalion [Batallon America], a subversive alliance with the Colombian M-19 Group and the Ecuadoran Alfaro Lives group. In a communique sent to AFP, the MRTA stated that the America Battalion opens a new combat front against imperialism in the South American Andes, where the people of Chile, Bolivia, Peru, Ecuador, and Colombia have taken arms to secure a definite victory in a second Ayacucho battle.

Ayacucho, aside from being the main stronghold of the Maoist Shining Path guerrilla group, the most violent guerrilla group in Peru, was in 1824 the stage of battle between liberator Simon Bolivar's troops and Spanish troops. That battle brought South America independence from colonialism. The MRTA asserted that three of its squadrons have joined the America Battalion in Colombia, headed by Captain Francisco. The squadron are named: Leoncio Prado, Juan Pablo Chang, and Diego Cristobal Tupac Amaru.

The MRTA's urban guerrilla groups, made up mainly of university students and workers, asserted in the communique that between 9 and 14 February it held its third central committee meeting in Lima. On that occasion, they asserted their performance and established a position regarding President Alan Garcia's social democratic government. The MRTA included two photographs with the communique. These photographs were of some 15 hooded and armed men and women who took part in the meeting. The MRTA said that despite some arrests, the organization has kept its original structure and developed its political and military experience.

In August 1985 the MRTA granted President Garcia's government a 2-month truce in response to his call for pacification, but then announced its reappearance with dynamite attacks against hotels, restaurants, discotheques, and clubs frequented by Lima's high society. Upon reiterating that it would continue to raise arms, the MRTA summoned the Shining Path, labor unions, popular organizations, the military and the church to fulfill our aspirations with arms.

The MRTA communique charges the Peruvian Government with failing to solve the problems of hunger and poverty and with applying economic measures that are merely designed to disguise the distressing socioeconomic situation endured by the large majority of our people. The MRTA demands that the foreign debt not be paid, that the oil and mining sector be nationalized, that the food shortage be solved, that the state of emergency be lifted, and the arrested terrorists be freed. It also accused the government of maintaining a hesitant and slightly reformist stance. The communique questions the efficiency of the peace commission created by Alan Garcia to pacify the country, and asserts that the state of emergency, in force in 19 Peruvian Provinces, and in Lima since 7 February allows the Armed Forces to control 40 percent of the population. The communique issued by the Peruvian guerrilla group ends by stating that the so-called dirty war in rebellious areas continues and demands that military and policemen responsible for massacres and disappearances be tried in a court of law.

GARCIA RECEIVES VISITING NETHERLANDS MINISTER

PY221616 Lima Television Peruana in Spanish 0000 GMT 22 Feb 86

[Text] President Garcia today held a meeting with the Netherlands' international cooperation and development minister, Eegje Schoo. The distinguished visitor arrived at the Presidential Palace at 0950, where she was welcomed by a presidential attache. During the meeting, Garcia and the foreign visitor allegedly discussed issues of great importance to the two nations. The Netherlands is one of the countries that maintains a vast cooperation program in Peru.

At present, the Netherlands has invested approximately \$40 million in rural programs and this year cooperation will increase by about 15 million florins. According to what the Netherlands minister has stated, her government will intercede before the Paris Club so that the Latin American countries can receive some relief in their foreign debt payments. Minister Schoo left government palace at 1015 and immediately left for Cusco, where the Netherlands is financing a series of development programs.

GOVERNMENT TO RECONSIDER INVESTMENT RESTRICTIONS

PA242007 Mexico City XHDF Television Network in Spanish 0300 GMT 22 Feb 86

[Report by special correspondent Alfonso Gomez from Puerto Vallarta -- recorded]

[Text] In the present conditions, foreign investment should become a valuable tool to obtain the country's economic goals. For this reason, the Mexican Government will reconsider certain restrictions on foreign investment, without suspending its vigilance and selectivity in certain areas. This was said by the office of the under-secretary of foreign investment through its director of publicity, Mario Espinosa de los Reyes, who spoke to Mexican and U.S. businessmen.

Espinosa de los Reyes pointed out that Mexico's economic sovereignty will take precedence over the interests of any sector. Espinosa de los Reyes attended a seminar on analysis of the prospects of Mexican-U.S. relations. He said that it is increasingly necessary to sign an expanded trade agreement with the neighboring country to the north.

DE LA MADRID SPEECH DRAWS PRAISE, CRITICISM

PA250408 Mexico City THE NEWS in English 22 Feb 86 p 4

[Text] President Miguel de la Madrid drew praise and criticism almost immediately after he finished delivering his speech on the foreign debt and other economic matters.

PRI [Institutional Revolutionary Party] Deputy Eliseo Mendoza Berrueto, majority leader in the Chamber of Deputies, praised the message as "honest" and "nationalistic," while the leaders of the opposition parties United Mexican Socialist, PSUM, and Revolutionary Workers Party, PRT, attacked it as "incomplete" and "partial."

In a less partisan response, Deputy Heberto Castillo of the Mexican Workers Party, PMT, said time had to be allowed for negotiations with foreign creditors.

Senate Chairman Antonio Riva Palacio termed the presidential message "an open call for joint efforts of all social classes -- a vigorous call to unity and a committed presentation." "We must respond to the call by President Miguel de la Madrid to contribute with everything serving to fulfill proposed actions," the Senate leader said.

Interviewed immediately after De la Madrid went off the air, politicians aired their expected but differing opinions.

Mendoza Berrueto said "Our country has always sought dialogue and negotiation not only among debtors and creditors, but also between producers and consumers."

Castillo adopted a wait-and-see attitude. "Let us wait to see the type of negotiations to be made, because while it is good to recognize that we have no payment capacity, adjustments must be made without being detrimental to the workers," the deputy said.

This contrasted with the attitudes of Deputy Pedro Penaloza of the PRT and Deputy Martinez Verdugo of the PSUM. They came out against Mexico's economic policy and said the president's speech circumvented suspension of payments and left the solution of the conflict in the hands of creditors.

Labor leader Fidel Velazquez, secretary general of the Mexican Workers Confederation, CTM, uncharacteristically refused to comment. Velazquez brushed reporters aside, saying: "I will make no declarations...I will make no declarations." But the presidential message received a warm response from the business sector whose leaders pledged to reinvest and search for new formulas to help bring Mexico out of the crisis. Business leaders also expressed faith in De la Madrid's policies.

Claudio X. Gonzalez, chairman of the Businessmen's Coordinating Council, said all Mexicans have the responsibility to face the problems associated with the debt.

Carlos Mireles, president of the National Manufacturers Association, CANACINTRA, said he was pleased by the president's reference to the corresponsibility of creditors and debtors, "because this is the only way to make our creditors accept the fact that we must export so that they can collect."

Nicolas Madahuar, president of the Confederation of National Chambers of Commerce, CONCANACO, said businessmen are willing to confirm their total support for the president.

Silvestre Fernandez, president of the Confederation of Manufacturers Associations, CONCANMIN, said the group is confident in the country's economy. All members of the confederation have capital invested in Mexico, he said.

COMPARISON OF PRESIDENT'S ADDRESS ON ECONOMY

Mexico City EL NACIONAL in Spanish on 24 February, pp 2 and 3, publishes the text of the 21 February address by President De la Madrid on the economy. The EL NACIONAL version has been compared to the version published in the 24 February Latin America DAILY REPORT, pp M1-M9, revealing the following clarifications:

Page M2, penultimate paragraph, line two reads...after the oil crash, the basic problems...(changing "conflict" to "crash")

Page M3, paragraph three, line one, reads: Regarding the oil crash, the government will...(changing "conflict" to "crash")

Page M5, paragraph two, line six reads: ...time, we will present necessary changes in... (confirming queried word "present")

Page M7, paragraph three, line two reads: ...nation's values and institutions, it is a... (changing "intentions" to "institutions")

SOVIET ENVOY ON COOPERATION WITH OIL NATIONS

FL251536 Mexico City NOTIMEX in Spanish 2225 GMT 24 Feb 86

[Excerpts] Mexico City, 24 Feb (NOTIMEX) -- Soviet Ambassador to Mexico Rostislav Sergeyev has said his country is ready to cooperate with all oil-producing nations to balance the international oil market. He said the Soviet Union is in favor of serious negotiations, which will have practical consequences. Once a decision has been made, he said, the Soviet Union will work jointly with oil-producing nations. Sergeyev said his country has made a proposal to the United Nations for a world program which would guarantee international economic security. Within this plan, said the ambassador, the Soviet Union is willing to cooperate and maintain negotiations with all countries.

U.S. ENVOY-DESIGNATE REMARKS CAUSE 'CONTROVERSY'

PRD, Military, Delvalle Disagree

PA241954 Panama City EXTRA in Spanish 24 Feb 86 p 6

[Text] Serious disagreements have developed between the Democratic Revolutionary Party's [PRD's] top leaders, some members of the military top echelons, and President Eric Arturo Delvalle as a result of the pressure the PRD has exerted on President Delvalle to reject the appointment of Arthur Davis as new U.S. ambassador to Panama, a well-informed source has reported.

The U.S. diplomat's statement before the U.S. Senate's Subcommittee on Western Hemisphere Affairs that as soon as he is installed in his post he will insist on the appointment of an independent commission to investigate the Spadafora case has caused such alarm among the PRD members and military men that they have decided to declare Davis persona non grata. According to our informer, Delvalle does not support that position, because such an action could affect the current negotiations with the World Bank, and could further aggravate the current tense relations with the government of President Ronald Reagan.

EXTRA has also learned that a group of parliamentarians of the so-called PRD "faction" headed by Legislator Luis Gomez will present a proposal at the Legislative Assembly when sessions resume next month, requesting that Arthur Davis not be accepted as ambassador to our country. According to the source, the discussions between the PRD military men and Delvalle made him arrive late at a ceremony to close the Fifth Industrial Meeting.

PDC Defends Davis

PA251951 Panama City LA PRENSA in Spanish 25 Feb 86 p 24 A

[Text] The National Directorate of the Christian Party [PDC] has issued a statement on the controversy over the new U.S. ambassador to Panama, Arthur Davis.

The PDC said that "Statements and actions in favor of the enforcement of human rights and democratization, regardless of where they come from, are one form of solidarity that the conscience of the Latin American peoples not only accepts but also demands. If we praised these statements and actions when they concerned Nicaragua under Somoza, Haiti under Duvalier, or the Philippines under Marcos, why are we going to oppose them when they concern our country under the current military leadership?"

The statement adds that "It is true that a military leadership is ruling Panama and that civilians truly elected by the people should be in command. It is true that the murder of Dr Hugo Spadafora has not been truly investigated as it is recorded in the explanation of the vote given by Magistrate Almendral and over which our people are demanding justice. It is true that human rights have been violated, particularly freedom of expression, and that our people are demanding that these violations do not occur again. These truths are the truth, regardless of who is saying them." In another part of the statement, the PDC said that "For many years, the U.S. Government has sponsored -- by action or through omission -- dictatorships in Panama and in other countries under the pretext of security or other secondary interests. Therefore, Latin Americans have justly criticized the United States. In the measure in which this attitude changes and openly favors democracy and human rights, we must then admit the positive aspect of this change."

The PDC accuses the PRD "and its military and civilian chiefs" of being "guilty of promoting all sorts of interventions in our affairs by part of all sorts of governments and foreign groups. Besides, it has intervened in many adventures in other countries, and all this has been done in order to strengthen its antidemocratic and corrupted regime. It has even promoted the signing of a treaty by which it granted -- by unilateral decision -- the United States the right to intervene militarily in Panama. Now, it is reacting in a different manner, mainly because the international community no longer favors its regime."

The PDC concludes: "Beyond the controversy, what we Panamanians must now do is to retake the path of democratization, the effective administration of justice, and the enforcement of human rights. National dignity and the patriotism that defends this dignity so demand it, rather than mocking the same rights."

EXTRA Editorial

PA241905 Panama City EXTRA in Spanish 24 Feb 86 pp 1, 8

[Editorial: "On the Spot"]

[Text] The military leadership, through its political spokesmen, has instructed its puppet president to declare U.S. Ambassador Arthur Davis persona non grata after the Panamanian Government had already issued its approval of the appointment, in other words, after it had said in diplomatic language, "welcome to our country." After sending this to President Reagan, the real power instructs President Delvalle "to notify President Reagan that Ambassador Davis is persona non grata."

If it were not for the fatal repercussions on the employment and economic crisis and the fiscal bankruptcy caused by the dictatorship, not by the World Bank or the IMF, this extraordinary about-face could be described as a comic operetta. All of this is due to what Ambassador Davis stated to the Senate Foreign Relations Committee: "The Panamanian military men must understand that the military obeys the civilian government and not vice versa," he added: "I will do whatever possible to prevent arrests such as those of journalist Guillermo Sanchez Borbon, and I will be interested in the solution of the horrible decapitation of Dr Hugo Spadafora."

The Foreign Ministry has described Ambassador Davis' remarks as "insolent," and the military party has demanded that President Delvalle declare Ambassador Davis persona non grata for stating what all the Panamanian people desire. Delvalle has now announced that he will request a "clarification of what Ambassador Davis stated to decide whether he will be declared persona non grata. The government is not so naive that it does not understand that whatever an ambassador states, especially in a Senate committee hearing, is not even remotely his personal opinion. [no end quotation as published]

Whatever Ambassador Davis states to the committee -- whether one likes it or not -- is the considered opinion of the Pentagon, the State Department, the National Security Council, and President Ronald Reagan. It is the official opinion of the U.S. Government. And that is that.

President Delvalle has the last word; either he rejects Davis as ambassador of President Reagan, and may God help him, or he accepts Davis as ambassador of President Reagan, and may God also help him. That is what one calls being put ON THE SPOT [upper case as published]

LA PRENSA Lauds Davis

PA211815 Panama City LA PRENSA in Spanish 21 Feb 86 p 1

["As of Today" column]

[Text] For too long the United States has deliberately ignored the Panamanian political reality, acting as if the presidential system of government existed normally in our country. The annual reports that the State Department presents to Congress on the human rights situation in Panama prompt a distorted image of the Panamanian Government structure, with little or no mention of the predominance of the military in public life.

Surprisingly, the U.S. ambassador-designate to Panama, Arthur Davis, stated in his confirmation hearing at the Senate subcommittee on Western Hemisphere affairs: "We have to be clear and make them see that the civilians must govern the military. That is not the case in Panama." Naturally, those who want what is really happening in Panama to remain unknown will be angry about Ambassador Davis' remark, but no one can honestly question the veracity of that statement. "We must," the ambassador added, "firmly insist that the military be under civilian power." We added: Nothing would be better for Panama.

Columnist Rejects Davis

PA240308 Panama City EL SIGLO in Spanish 21 Feb 86 p 4

["Political Coliseum" column by Baltazar Renan Aizpurua: "Deliver Us Lord, From Our Turncoat Traitors"]

[Text] If a person confesses...there is no need for evidence, according to an old legal proverb. At last LA PRENSA columnist Guillermo Sanchez Borbon has been unmasked as a renegade, traitor, turncoat, U.S.-paid agent, and CIA informer. The front page of yesterday's edition of that newspaper unmasked the man in question when it highlighted the crude and shameful intervention of a U.S. diplomat in our country's internal affairs. Naturally, this pleases those who would like to see the fatherland on its knees before Uncle Sam and those who could not care less about the blood that has been shed for almost a century by the various generations who have struggled to recover our sovereignty and national dignity.

A dispatch datelined Washington indicates that Mr Davis, the new U.S. ambassador to Panama, demonstrated "that he was very well informed" about Sanchez' arrest and that "Ambassador Briggs had undertaken all the necessary actions before President Delvalle upon learning of the arrest."

With the cynicism characteristic of his servile mind, the dispatch added that Mr Davis said "we must warn (the Panamanian Government) that this type of arrest must not continue, etc." As a matter of principle, I disagree with Sanchez' arrest or persecution, or that of any fellow journalist, and I believe -- and I take full responsibility for this statement -- the district attorney who ordered his arrest made a colossal mistake. However, I will never accept, as a Panamanian and a patriot, any ambassador, whether a gringo, Frenchman, or any other nationality, being so impudent as to voice warnings of any kind, disrespectful of our status as an independent and sovereign nation.

In several earlier columns I warned that Sanchez Borbon is an agent paid by the U.S. Central Intelligence Agency who has infiltrated the newspaper LA PRENSA.

Those surprised by the kind of "information" handled by the well-known individual and who are overcome with "admiration" for his talents, must know very well that a person who does not have direct contact with the CIA station operating under diplomatic cover in every country of the world cannot know the details supplied in the "In a Few Words" column.

If the U.S. ambassador's maid breaks wind, or if something happens among high government circles, which have been infiltrated to the marrow by faithless people paid to guard U.S. interest, Sanchez Borbon is immediately informed. Only informers have access to much detailed information.

He who yesterday was a member of the board of directors of the Communist Party (People's Party) and later became a turncoat to the party's ideology, sticks stubbornly to Trotskyite concepts and as such is another U.S. imperialist peon. Like all Trotskyites, he serves those interests even if by doing so he betrays his native country. I am not surprised by his attitude, and that is why I have unmasked him. I repeat: I do not support his persecution, but I do point an accusing finger, because to be a CIA agent is to be a traitor to our long-suffering peoples' interests.

Another newspaper, a local weekly, yesterday reported that former President Nicolas Ardito Barletta had called Washington to complain that the military is "pressuring" him. That means that Sanchez Borbon is not the only conspicuous member of the group that drags itself before the Yankee leaders. Fortunately, these specimens enjoy the well earned rejection of their people.

Because of all that I have said here, I now suggest that President Delvalle and Foreign Minister Abadia reject the daring Mr Davis as ambassador so that he will learn to be respectful.

REAGAN PRAISED FOR ENCOURAGING DEMOCRACY

PA241309 Panama City LA ESTRELLA DE PANAMA in Spanish 23 Feb 86

[Text] Strictly military governments have prevailed in a large number of Latin American nations during the last 5 years. Very few could boast that they have done so through the people's vote. Their creation as military juntas has mostly been due to bloody coups d'etat. Likewise, very few have spontaneously carried out a democratic transition to a civil government. History is full of these events. Its pages cannot deny the fact that many of these military regimes received the U.S. Government's approval during many years. This was basically due to ideological reasons. One seldom saw in these military regimes leftist elements which dared to defy the U.S. Governments' democratic position. The Latin American countries' economic dependence on the colossus of the North is very well known.

History shows us many facets of this situation in nations like Argentina, Uruguay, Brazil, Peru, Bolivia, Honduras, El Salvador, Guatemala, Grenada, Haiti, and others. It is no secret that, given the Latin American nations' dependence in economic matters, U.S. Governments have had almost unlimited influence in their internal affairs. There have been occasions when the stability or power of a military regime has depended exclusively on the United States' decision.

This situation has depended, to a great extent, on the viewpoints or guidelines of the current U.S. president. Within this evident concept and position, the United States has had presidents with benign guidelines concerning the governments handled by a military junta and others who could not stand the existence of this type of government structure in this part of the continent.

One cannot deny that this last case includes Mr Ronald Reagan, the current President of the United States. It cannot be denied that the current U.S. President has been discarding, since he arrived at the White House, each regime led by a military junta, and he has pulled every possible string in Latin America so that democratic transitions are carried out in all the nations where this type of political phenomenon is observed. The U.S. Government has continuously struggled, through every possible means -- all of them of a well-known superiority -- so that free elections are held in nations governed by military juntas, thus allowing the people to choose their own government.

This is how the fall of many military juntas has been observed in many Latin American countries. President Reagan is undoubtedly responsible for the fact that a democratic and healthy evolution is being experienced in the Latin American sector of the American continent. President Reagan's policy to democratize America is positive and beneficial for all the nations which have lived and continue to live in these conditions.

PRD PRESIDENT CHARGES PDC 'SEDITION' CAMPAIGN

PA250254 Panama City Televisora Nacional in Spanish 0000 GMT 26 Feb 86

[Text] PRD President Romulo Escobar Bethancourt has announced a mobilization at the national and provincial level of all the party's cadres to stop the PDC's campaign for instability and sedition and the disruption of the country's democratic life. Accompanied by leaders of the PRD National Executive Council, Dr Escobar Bethancourt asserted that this is a plan to oust President Eric Arturo Delvalle and depose Defense Forces Commander General Manuel Antonio Noriega through a conspiracy like those used in Haiti and the Philippines.

Following a report on the PDC's political actions to create a destabilizing movement at the national level, starting with Chiriqui, Bethancourt said that the next meeting of the Democratic Opposition Alliance, which is scheduled for 14 March, is aimed at continuing sedition through elements within the U.S. Department of State which would exert economic pressure against Panama.

[Begin Bethancourt recording -- in progress] ... take over the government and then charge the Defense Forces into a simple civilian police force. They say that the Defense Forces' transformation into such a force is supported by a sector in the U.S. Department of State, which thinks that instituting a simple civilian police force would ensure that Panama would not be able to fulfill its pledge of assuming the exclusive defense of the Panama Canal in 1999, as stated in the Torrijos-Carter Treaties. Consequently, the United States would continue to maintain a military presence in the Republic of Panama. [end recording]

COSTA RICACONTRA AID NOT DISCUSSED AT ARIAS-SHLAUDEMANN TALK

PA260229 San Jose Radio Reloj in Spanish 0100 GMT 26 Feb 86

[Text] This morning Costa Rican President-elect Oscar Arias Sanchez met with Harry Shlaudemann, U.S. roving ambassador for Central America, at Arias' residence for more than an hour. The U.S. official visited Arias accompanied by U.S. Embassy security agents. Arias was accompanied during the interview by his brother, deputy-elect Rodrigo Arias Sanchez, and Rodrigo Madrigal Nieto, who has been mentioned as the future foreign minister in the coming administration.

At the end of his interview with Shlaudemann, Arias expressed satisfaction over their conversation and described it as cordial and friendly. He said they exchanged views on how to attain peace and democracy in Central America. The president-elect denied that he discussed his statements with Shlaudemann regarding U.S. economic and military aid for the counterrevolutionaries in Nicaragua.

Arias stated that he still opposes U.S. aid to the counterrevolutionaries. He stressed that he feels the Central American and Nicaraguan conflict must be solved diplomatically, a stance that prevails throughout Latin America. He added that what counts is that he is only moved by desire for the country's good and its social and economic development and that for this reason peace in Central America is indispensable.

In addition, Arias denied that his statements showed discourtesy toward U.S. President Ronald Reagan, since such statements did not occur unofficially but during an interview. He added that there is nothing to worry about (?because) there are many common points and few discrepancies between Costa Rica and the United States, and that he is accustomed to disagreements. He remarked that sometimes it is necessary to say yes and sometimes no, and that he is in the right state of mind for this. Finally, Arias said that he acknowledges the U.S. aid for Costa Rica, without which the country's economic stability would not have been possible.

HONDURASAZCONA CALLS FOR LOCAL CONTROL OF REFUGEE CAMPS

PA241917 Panama City ACAN in Spanish 1714 GMT 24 Feb 86

[By Armando Cerrato]

[Excerpt] Tegucigalpa, 24 Feb (ACAN-EFE) -- Honduran President Jose Azcona Hoyo today demanded control over the special refugee camps that exist in the country.

The president indicated that "the control of the camps that are supposedly under the UN High Commissioner for Refugees (UNHCR) is really in the hands of refugee committees."

"That should not be so because it is harmful to our sovereign interests in addition to the fact that it causes many problems that later cannot be resolved as they should be," Azcona Hoyo said.

"We want our authorities to have jurisdiction over the camps, to be responsible for their control and security, and to protect our citizens from abuses committed by the refugees," he added.

Azcona Hoyo stressed that "Honduras is not a signatory of the international treaty on refugees and it accepts Central American citizens who flee the violence in their countries solely for humanitarian reasons, and that is why the control of those camps must be exclusively in the hands of Hondurans."

Honduras is currently sheltering approximately 40,000 refugees from El Salvador, Nicaragua, and Guatemala in camps located near the borders of those countries.

NICARAGUA

ORTEGA CONGRATULATES NEW PHILIPPINE PRESIDENT

PA260335 Managua Radio Sandino in Spanish 0010 GMT 26 Feb 86

[Message sent by President Daniel Ortega to Philippine President Corazon Aquino dated 25 February in Managua; read by unidentified official of the Press and Information Directorate of the Presidency of the Republic -- live or recorded]

[Text] President Corazon Aquino:

On the occasion of your accession to the presidency of the new provisional government, I have the honor of congratulating you in the name of the Nicaraguan Government and myself. I also express to you our joy over the definite downfall of the Marcos dictatorship.

Like all nations that are struggling today to achieve or maintain their independence, Nicaragua is certain that in the new Philippines the people's hopes for democracy, independence, and social justice will continue to triumph over the forces of backwardness and foreign dependence.

Faternally,

[Signed] Daniel Ortega Saavedra, president of the Republic

ORTEGA CRITICIZES REAGAN'S SUPPORT FOR CONTRAS

PA251915 Managua International Service in Spanish 1300 GMT 25 Feb 86

[Excerpts] Commander of the Revolution Daniel Ortega Saavedra, president of Nicaragua, visited the heroic town of Pantasma, located more than 200 km from Managua in the northern department of Jinotega over the weekend. Pantasma is a symbol in Nicaragua because just as other border towns, it has withstood mercenary attacks such as the one that took place on 18 October 1983. On that occasion, with courage and determination, its residents prevented the counterrevolutionary seizure of that town, despite having suffered the loss of 43 heroes who died in the struggle.

The president explained to the Pantasma residents that the revolution will continue to distribute land to the peasants so that they will make it produce and that it will continue to distribute rifles so they can defend it.

Before Commander Ortega Saavedra spoke, African citizen Andimba Toivo, who accompanied the president on the visit to the Nicaraguan town, spoke. We will now present the explanation that the Nicaraguan president gave about Africa and Namibia and then you will hear the dialogue that he held with the residents of the heroic town of Pantasma, most of whom are relatives of peasants who have been murdered by the mercenaries.

[Begin recording, in progress] [Ortega] ...from the African Continent, from southern Africa where there are two peoples, the people of Namibia and the people of South Africa who want to liberate themselves. They are struggling for their liberation, but the enemies of those peoples are oppressing them. They oppress them. They exploit them. Reagan and the U.S. leaders are in fact supporting that policy of oppression against the peoples of South Africa and Namibia. Companero Andimba spent 18 years in jail. The racists had him imprisoned for 18 years. Only a few years ago, in 1984, was he freed. He was in jail 18 years. They are a hard-working people. They are peasants, miners, and workers who are struggling to achieve their freedom.

The Nicaraguan people, the Nicaraguan Government, and the FSLN are confident and sure that even though Reagan has been giving his support to the Somozas of those countries who exploit and oppress the people of Namibia and South Africa, the Namibian and South African peoples are going to be free. They are going to triumph just like the Nicaraguan revolution was victorious.

Today when we meet here in Pantasma we wanted to know through a direct dialogue with you about your concerns, problems, and your ideas to solve those problems. Pantasma is one of the many symbolic locations in Nicaragua. The truth is that Nicaragua is full of locations that have become symbols of the sacrifice and struggle of the Nicaraguan people. Some years ago, the counterrevolutionaries attacked Pantasma.

Father D'Escoto is carrying out a march from Jalapa to Managua. He is doing this for peace. Right now he is carrying out a march of the Nicaraguan Christians in favor of peace. He is doing this so that there will be peace in Jalapa, in Pantasma, in all Nicaragua. Listening to your accounts, we remember that in 1983 the attack on Pantasma caused a great commotion in Nicaragua and was widely reported in the world because of the brutality of the attack. The contras carried out a slaughter of poor, hard-working peasants. The contras came here to murder peasants. They came to murder poor and humble people. They came to destroy the tools that those poor people had to work. That is what the contras want for the working people. They only want to destroy and murder.

Why do the contras act this way? Because U.S. President Ronald Reagan has gotten it into his head that the Sandinist revolution must be destroyed, that the Nicaraguan revolution must be destroyed, that it was better in Nicaragua under Somoza. Why? because Reagan would rather have a Somoza in Nicaragua than reach an understanding with the Nicaraguan people; because Reagan is a friend of the exploiters. Reagan is a friend of the rich. Reagan is a friend of the capitalists and an enemy of the poor. He is an enemy of the peasants and workers. What is Reagan doing right now in the United States? He is cutting the U.S. budget allocations to the social sector. In other words, he is making cuts in everything that benefits the poor and the elderly to have more money to spend on armaments. He is always thinking just about war. He thinks like Adolf Hitler, that infamous personality in the history of mankind who provoked World War II. He also wanted to own the world. Reagan thinks the same way. Reagan has paid the mercenaries and above all the chiefs of the mercenaries so that they will come murder the workers. In other words, we have Reagan on the top, paying, then come the chiefs of the contras. The real chief of the contras is Reagan.

He is followed by the other chiefs of the contras: Bermudez, Calero, and so forth. The military chiefs come next. Under them come the former guardsmen and others who are peasants who were kidnapped and taken by force and trained and sent to kill their Nicaraguan brothers.

Reagan sends the money so that the Nicaraguans can kill each other. Look how nice! He doesn't come to risk his neck here, but he does give the money to some bad Nicaraguans so they will come kill the Nicaraguans who have carried out the revolution, so they will come kill the peasants and the workers. Therefore, Reagan's policy is criminal. It is a terrorist policy that is making victims out of all the Nicaraguans. He has made a victim out of the companera who told us here how her brother was killed by the contras and he has made a victim out of the lady who asked for the release of her nephew and the other lady who asked for the release of her son-in-law, both of whom are involved with the contras.

Why are some people around here involved with the contras? Because Reagan has wanted to involve them. Why are the peasants around here killed by the contras? Because Reagan has given money to the contras so they can kill the peasants. Therefore, Reagan is causing sorrow and grief in the Nicaraguan family. A woman was explaining here that she has two sons in the service and another in the contras. In other words, Reagan has come to divide the Nicaraguan family.

[Indistinct passage with woman explaining the situation]

[Ortega] Correct, yes, but he is not responsible. Reagan is responsible because Reagan deceived him and is now making you suffer. That is the problem. You are suffering the same or perhaps there is more suffering by the mother whose son has been murdered. Nicaraguans are dying every day. You have seen Nicaraguans die here. More than 40, 48, 47 peasants died here when the contras came to Pantasma. Now then, the people's army must fight against the contras. There is no other way. If you are given the opportunity, then you have the opportunity to come back to the country and seek amnesty. The opportunity to get pardoned is there. To those who seek this pardon, fine. There are many Nicaraguans who have already sought this pardon. Many have deserted. We have a number of them here. They are completely safe here. The revolution won't harm them.

However, on the other hand, there are those who don't accept this yet and who have become couriers or combatants of the counterrevolution. So, we must strike them hard. We must strike them very hard. Why? Because, what are we defending here? We don't sell farms. We are not in the business of selling farms. We want the farms and the lands for the peasants. (?This is why we are fighting.) Therefore, that which we are defending with our Army is the peasants' right to own land and to have their own cooperative. What would you prefer? Would you rather have us return the land to the landowners, the rich, and the capitalists? [Crowd shouts: "No, no!"] What do you prefer? [Crowd shouts: "Land!"]

You are even asking for more land. Then, if we want more land we must defend this land. What will we defend it with? [Crowd shouts: "Weapons!"] Well, we have to defend it with weapons because you can't talk any other way to those people. Can you talk to the contras any other way? [Crowd shouts: "No!"] How do you speak to the contras? [Crowd shouts: "With rifles!"] We have to speak with weapons. Then, the slogan is land and rifles.

What are the rifles for? To get the land. What is the land for? It is for the peasants. Land and rifles. What is the land for? The land is for the peasants. This is what we are defending.

Consequently, we are striking the contras. The contras are fleeing to Honduras and Costa Rica in a hurry. There are many casualties. We are defeating the contras. The counterrevolution has no possibility of success.

A few years ago, the counterrevolution kept saying that it was going to succeed. They kept saying: We will succeed this year. There were some people who, out of ignorance or out of wanting to be smart, believed the contras' story and became armed couriers or helped the contras, and some even left with the contras.

The truth is that the counterrevolution has no possibility of success. On the contrary, the people's defense keeps growing because Nicaragua's Army is made up of all the people. It is made up of the peasants, the workers, and the youth. They are Nicaragua's Army. Thus, we have a powerful Army. [Words indistinct] it is an Army of workers, peasants, and laborers. Therefore, the counterrevolution cannot succeed, even when Reagan makes efforts, just as he is doing right now, to ask for more funds so the counterrevolution can continue to destroy cooperatives and schools, and so the contras can come to Pantasma to destroy it and kill its peasants. Why? Because this is what the contras do. Have you seen the contras building schools? Do the contras build schools, health centers, hospitals, or cooperatives? [Crowd shouts: "No!"] All the contras do is shoot and kill the peasants. All they offer is terror.

Regarding other problems mentioned here, the companeros here responded. We wanted to refer to the issue of the prisoners. Whose fault is it that some of your relatives were jailed? Because of Reagan. If Reagan, instead of giving money for Nicaraguans to kill one another, gave us money for Nicaraguans to work, do you think those peasants would have dared to think of going to the contras? There were no contras until Reagan came and invented the contras. He began to give money and weapons to the contras, and certain people got involved in that. Therefore, the person who is responsible for this is Reagan. He is responsible for the deaths of Nicaraguans. He is responsible for those killed by the contras and those killed by the people in the fighting.

Regarding the prisoners, we have laws here, and laws must be respected. I was going through some of the correspondence here. I was reading some of the letters you sent me. Certain companeras asked that the situation of the prisoners be settled. They want trials to be held and decisions on guilt or innocence to be made. I think they are right.

If a prisoner has been held under investigation for 10 or 12 hours, it is already time that he be taken to the pertinent court and let the court decide whether he is guilty or not and establish the sentence -- 10, 20, or 30 years -- or let him free. Some are freed, and some are kept in jail. This is how justice is. Therefore, we will look into this so that, as soon as possible, all these cases here be transferred to the pertinent courts. [Words indistinct] the court will decide if he will be sentenced or if he will be released.

We want to leave you all, companeros peasants, and companeras women of Pantasma, with a warm greeting from the FSLN National Directorate and the Government of Nicaragua.

We also want to convey the greeting of the Nicaraguan workers who are producing in Nicaraguan cities so that some of their products can be sent to the rural sector.

They are producing clothes, shoes, and certain garments for the peasants, as well as food for the peasants. It is true that you produce the basic food, but there are some things that are processed in the cities by industrial workers which benefit the peasants.

We are sure you will continue to get better organized and join the military service, the militias, the reserve battalions so that you can defend your land because we are clear about one thing: We will lose the land if we don't defend the revolution militarily. The land must be defended. As long as there is aggression, we must sow the land with the rifles at our side.

MIXED COMMISSION MEETING WITH COSTA RICA BEGINS

PA242238 Managua Radio Sandino in Spanish 1750 GMT 24 Feb 86

[Excerpts] Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco said that the Central American problem is not only a problem of peace but also one of regional security. Tinoco made this statement during the installation of the mixed commission for the supervision and prevention of border incidents between Costa Rica and Nicaragua. Participating in this meeting are: Gerardo Trejos, Costa Rican deputy foreign minister; Guillermo Fernandez de Soto, Colombian deputy foreign minister; Jose Maria Cabrera, Panamanian deputy foreign minister; and Gerardo de Navas, Venezuelan deputy foreign minister. The following are Deputy Foreign Minister Tinoco's words during the opening session of the meeting:

[Begin recording] We have gathered here today, within the framework of this commission for the supervision and prevention of border incidents between Costa Rica and Nicaragua, to study and discuss, with the support of the Contadora countries, the specific steps to be taken by Costa Rica and Nicaragua to improve our relations and resolve and prevent any incidents or problems that could exist on our mutual border.

This meeting was convoked as a result of the political wills of the governments of Nicaragua and Costa Rica, and it was officially requested on 15 February during the Contadora Group meeting held in Panama through a letter signed by the deputy foreign ministers of Costa Rica and Nicaragua. [end recording]

The Nicaraguan delegation is headed by Deputy Foreign Minister Victor Hugo Tinoco, Commander Roberto Calderon, Commander Jose Valdivia, Captain Ricardo Wheelock, and Claudia Chamorro, Nicaraguan ambassador to Costa Rica.

SOVIET TIES STRESSED AS CPSU 27TH CONGRESS BEGINS

PA251353 Havana International Service in Spanish 0000 GMT 25 Feb 86

["Note" read by Norberto Hernandez]

[Text] Cuban President Fidel Castro is in Moscow to attend the 27th CPSU Congress, which has been described as historical by those who have (?requested the floor) to analyze in-depth the topics to be discussed. This new visit to the USSR by Fidel Castro is undoubtedly an expression of the high level of relations between the two nations, which are based on the equality of purpose and the [word indistinct] spirit of friendship and proletarian internationalism. These ties have been basic for Cubans in their confrontation of Yankee imperialism and consolidation of revolutionary power. We will never forget, and this has been reiterated by President Fidel Castro, that it was the USSR that purchased our sugar when Washington closed its market with the purpose of strangling us economically, and that the oil required by Cuba for the last 25 years has been coming from Soviet ports without interruption.

With Soviet arms we have been able to abort all military aggressions prepared by Washington, and therefore not only have we consolidated the Revolutionary Armed Forces, we are also providing supplies for the Territorial Troops Militia, which has over 1 million members and is an indispensable factor in the struggle of all the people in the event of an enemy attack.

The USSR is also cooperating with Cuba in the construction of our first nuclear power plant; important expansion of the nickel industry; geological protection; development of land, sea, and air transportation; and many other economic and scientific fields. During difficult times, such as when Hurricane Kate recently passed through Cuba, firm and spontaneous support from the first state of workers and peasants of the world has arrived for the Cuban people.

These shows of solidarity, respect, and admiration for revolutionary Cuba are part of history and an eloquent example of the relations between a first-class power and a nation struggling for development. They are also unequivocal expressions of eternal ties that will never be negotiated with the enemy.

U.S. RESPONDS TO GORBACHEV ARMS PROPOSAL

PA260139 Havana International Service in Spanish 0000 GMT 26 Feb 86

["Note" by Miguel Cabrera]

[Text] Approximately 1 and 1/2 months after the Soviet Union made known to the world its most recent peace initiative, and on the eve of the opening of the 27th CPSU Congress, the White House response to the Soviet disarmament program has been released to the U.S. press. This program provides for scrapping, before the year 2000, all nuclear and chemical weapons, the reduction of conventional forces, and the noncreation of shock cosmic means [medios cosmicos de choque]. The proposal was favorably received by all peace-loving forces and even by numerous Western governments.

According to THE WASHINGTON POST, the objective of the U.S. response, which has not yet been officially released, is to extricate the United States from the unfavorable diplomatic position in which it finds itself with regard to the serious problem of disarmament. In other words, Ronald Reagan's administration does not foresee the achievement of an agreement, much less the elimination of the danger of a nuclear war that looms over humankind. This is not hard to demonstrate.

The U.S. proposal deals with only one aspect -- that of medium-range nuclear missiles -- which, incidentally, is not the most important one. The U.S. television network NBC has stressed that the question of strategic weapons is not even mentioned in the White House response. In addition, the response rejects two fundamental issues which are included in the Soviet initiative in the event an agreement is reached: a ban on the delivery of new missiles to respective allies and the abstention by France and Great Britain from increasing their nuclear arsenals.

In addition to all of this nonsense, the U.S. Government is trying to impose a series of conditions on the USSR that would place it at a strategic disadvantage vis-a-vis the United States. Paul Warnke, former head of the U.S. delegation to the Geneva disarmament talks, stressed the evidently unbalanced nature of the U.S. proposal, describing it as hardly serious. Meanwhile, NBC television described it as a variation on the zero option, with which the United States has tried to achieve strategic superiority in the past.

CARDINAL NOTES 'SATISFACTION' WITH CASTRO MEETING

PA242308 Havana International Service in Spanish 1600 GMT 24 Feb 86

[Text] Cardinal Eduardo Pironio, president of the Pontifical Council for Laymen, has expressed much satisfaction over his cordial interview with Cuban leader Fidel Castro in Havana on Saturday. Pironio also expressed to Castro greetings from the pope to all the Cuban people.

In statements for PRENSA LATINA, Pironio said that in his meeting with Castro -- during which no specific ecclesial topics were discussed -- they dealt with the most important Latin American problems, particularly the situation of misery and underdevelopment that many area peoples suffer. Pironio, who represented the Pope at the recent national Cuban ecclesiastic meeting, described as totally false reports by some foreign newspapers that this meeting was manipulated by the Cuban Government. He said: The Catholic Church held the meeting in a climate of absolute freedom and without the slightest pressure from the authorities. Finally, Pironio praised the serious, honest, and open dialogue that the government and the Catholic Church have in Cuba.

CASTRO SENDS MESSAGE TO MATHEMATICS CONFERENCE

FL241526 Havana Radio Progreso Network in Spanish 1200 GMT 24 Feb 86

[Text] Commander in Chief Fidel Castro has sent a message greeting the participants of the second national mathematics congress, which is being held at Havana University. More than 200 delegates are participating in the congress, from the Soviet Union, GDR, Poland, Mexico, Nicaragua, Panama, and Cuba.

During the opening ceremony, Jose Ramon Fernandez, alternate Politburo member, vice president of the Council of Ministers, and education minister, and Dr Fernando Rocas, University of Havana rector, were made honorary members of the Cuban Mathematical Society in recognition of their support and assistance.

GRENADAGOVERNMENT TO PENALIZE WORKERS FOR SICK-OUT

FL252220 Bridgetown CANA in English 1954 GMT 25 Feb 86

[Text] St Georges, Grenada, Feb 25, CANA -- The Grenada Government says it will penalise public workers who stayed home yesterday to protest a breakdown in pay negotiations. Those (workers) who did not turn out (to work) would not be paid for the day, the government said in a statement broadcast over state-controlled Radio Grenada.

A senior union leader told CANA today that the unions considered the government's position as hog wash saying any pay deduction would be illegal as the workers did not break the law. The unions claimed that the sick-out was 70 per cent successful and had closed schools and disrupted government departments. The government said the action of the workers was hasty and ill-advised in the circumstances because it considered negotiations with the unions as still continuing.

The Public Workers Union (PWU), the Grenada Union of Teachers, and the Technical and Allied Workers Union (TAWU) are at loggerheads with the government over demands for a 30 per cent hike in salaries for last year and a number of fringe benefits.

The 14-month old administration of Prime Minister Herbert Blaize has been insisting on holding negotiations with the unions only after it had fully analysed a report on the public service prepared by a team of British consultants. The report recommends sweeping job cuts.

The government statement was high in praise for those employees who defied the unions sick-out call and turned out for work showing their commitment and dedication to the country. It added that only by dialogue can differences be resolved and that the government would not negotiate under duress. (passage indistinct] The government, therefore, calls on the unions to return to the negotiating table, it said. The statement also said that the government was still waiting on the unions to submit the names of their representatives to the body appointed to examine the recommendations of the consultants.

HAITIARMY FORCES SENT TO QUELL DISTURBANCES

PA252058 Paris AFP in Spanish 2015 GMT 25 Feb 86

[Text] Port-au-Prince, 25 Feb (AFP) -- Witnesses have told AFP that Haitian Army soldiers today fired shots in the air in front of the police headquarters in Port-au-Prince when thousands of demonstrators tried to seize two people who had sought refuge there. Demonstrators accused the two of belonging to the Bennet family, to which the wife of former President Jean-Claude Duvalier belongs.

Demonstrators hurled rocks at the building at the same time that military reinforcements from the Dessalines Barracks Intervention Battalion were arriving on the scene.

Great tension also prevailed at the international airport in Port-au-Prince where reinforcements were also needed to prevent demonstrators from seizing Luc Desyr, former Haitian Secret Police chief.

Desyr, considered one of the most evil figures in Duvalierist history, responsible for tortures and the death of thousands of people, was escorted under heavy military guard to the airport where he was scheduled to board a regular Air France flight. According to an AFP newsman who witnessed the incident, the French airliner refused to allow Desyr to board, and he had to stay in the airport under the protection of the Army while demonstrators outside the building tried to enter in order to lynch him.

NAMPHY ANNOUNCES NEW PROGRAM AFTER INCIDENTS

PA260310 Paris AFP in Spanish 0240 GMT 26 Feb 86

[Excerpt] Port-au-Prince, 25 Feb (AFP) -- General Henri Namphy, president of the Haitian Government's National Council [CNG], announced tonight a program of action based on "respect for citizens' liberties and human rights," following a series of street incidents. General Namphy, who addressed the nation from the presidential palace, announced that the program would be based on the enforcement of order and "would halt fraud and corruption. The people's money must return to the people," he said.

The CNG president also announced the upcoming creation of a "consultive corps" which would be in charge of electing, through secret vote, the new constituent assembly that will draft the constitution, and would "step up the process for the exiled Haitians' return."

JUSTICE MINISTER PROTESTS PIERRE'S DEPARTURE

FL252004 Bridgetown CANA in English 1932 GMT 25 Feb 86

[Text] Port-au-Prince, Feb 25, CANA-REUTER -- Haiti formally marked the end of 28 years of dictatorship today with a ceremony that provided the first public sign of major disagreement within the new ruling council. Justice Minister Gerard Gourgue, widely considered the most popular member of the council, was conspicuously absent when Haiti's new blue-and-red flag was raised over the National Palace to mark the end of almost three decades of rule by the Duvalier family. Gourgue apparently boycotted the ceremony to protest against a decision to allow one of the most-hated members of the government of ousted President Jean-Claude Duvalier, Police Chief Albert Pierre, to leave Haiti for exile in Brazil.

In an angry statement on national television late last night, Gourgue described Pierre's departure as an offence to public opinion which is clamouring for justice. Gourgue, who was a longstanding critic of the Duvalier regime, implied that he had not been consulted in the matter of Pierre.

Western diplomats here said Gourgue's declaration and his absence from today's ceremony were the first public signs of discord in the six-member military-civilian council formed as Jean-Claude Duvalier fled the country on February 7.

Gourgue's statement was repeated on the Catholic Church-run Radio Soleil today as Council President Lieutenant General Henri Namphy hoisted the new flag over the palace to the cheers of a crowd estimated [words indistinct]. Some carried banners saying We Want Gourgue, We Want Namphy and chanted slogans critical of three other members of the council who were close aides of Duvalier.

Diplomats said the departure of the former police chief was certain to fuel growing public discontent over the presence of Duvalier aides in key government positions.

In three years as chief of police and security services, Pierre won a reputation for exceptional brutality. According to some accounts, he frequently tortured prisoners and delighted in wearing a white hospital coat during torture sessions because he enjoyed seeing the stains left by his victims blood.

Pierre was taken to the airport with a police escort on Sunday night after the nightly curfew, which has been in force for two weeks, began at 11 p.m. Obviously, they (the government) wanted to make sure the streets were empty, said one diplomat. If Pierre had been spotted in daylight, he might have been lynched. Pierre sought refuge in the Brazilian Embassy in the turbulent days after the fall of Duvalier, when angry crowds roamed the streets in search of members of the dictator's private security forces and militia, the feared Tontons Macoutes.

The departure of Pierre is shocking, Gourgue said in his declaration. I want to affirm that in my position as minister of justice, I feel it my responsibility to take action and respond to the people's demands (for punishment of human rights violators). Under the rule of Francois (Papa Doc) Duvalier and later his son Jean-Claude, Haiti was rated as one of the world's worst human rights violators by international monitoring organizations.

Gourgue had been one of the most outspoken critics of human rights abuses during the years of the dictatorship. He is one of two civilian members of the new ruling council. The other civilian, Alix Cineas, held a string of important posts under the Duvaliers and is seen here as the most disliked figure in the administration. Cineas is a Tontons Macoute, crowds chanted in front of the palace. Cineas must go.

JAMAICA

SEAGA: EXPANDED CBI TO ELIMINATE PROTECTIONISM

FL250031 Bridgetown CANA in English 1841 GMT 24 Feb 86

[Text] Kingston, Jamaica, Feb 24, CANA -- Jamaica's Prime Minister Edward Seaga has told manufacturers and exporters here that with the recently announced expansion of the Caribbean Basin Initiative (CBI) the problem of protectionism should be eliminated. United States President Ronald Reagan, during his visit last week to Grenada announced the CBI expansion relating to easier access of textiles to the U.S. market. Prime Minister Seaga noted that the new proposals would benefit both Caribbean and United States interests, thereby providing gains all around.

Representatives from the manufacturing and garment export sector called on the prime minister on the weekend to congratulate and express their appreciation for the breakthrough, a statement from the official JAMPRESS News Agency said.

Seaga explained that the new regime did not alter the existing system of quota arrangements involving garments produced from non-U.S. textiles but instead added an extra dimension as garments manufactured from U.S. textiles which were cut in the U.S. would have guaranteed access to the American market. This, he said, also included other products made from U.S. textiles such as bed linen. The prime minister called on exporters to take advantage of the opportunity by increasing exports to the United States. Jamaica, he said, must now stand ready to attract our share of the many new production entities even in greater numbers than the past, although the garment sector has been one of the fastest-growing sectors in export-manufacturing.

On President Reagan's announcement that Puerto Rico would infuse U.S. 100 million a year in new investments in the Caribbean, Seaga disclosed that the Jamaica National Investment Promotions Limited (JNIP) would be establishing an office in Puerto Rico to work with firms there interested in developing twin plants with Jamaica.

INTER-AMERICAN AFFAIRSDEVELOPMENT EXPERTS MEET, SCORE DRUG TRAFFIC

PY242119 Madrid EFE in Spanish 1449 GMT 23 Feb 86

[Text] Trinidad, 23 Feb (EFE) -- The first international meeting of development organizations of the Amazon region has concluded with a request to all narcotics-producing countries to implement more effective control over the trafficking of cocaine and other drugs. Bolivian, Brazilian, Colombian, Ecuadoran, Peruvian, Surinamese, and Venezuelan experts and representatives of American international organizations approved a list of conclusions and recommendations for experiments and development projects in the Amazon region. The international meeting, which was held in Trinidad, capital of Beni Department this week, ended on 22 February.

The experts recommended strengthening the institutions and increasing support for the development organizations of the region in order to fulfill the objectives of the Amazon cooperation treaty. According to the La Paz newspaper PRESENCIA, the final report stressed that the "huge market for narcotics promotes large-scale clandestine farming of coca leaves, which in turn hampers the social and economic development of the Amazon countries and in some cases reduces the effectiveness of regional development organizations."

The hundred-plus experts agreed on a set of priorities and actions to be taken and recommended greater coordination among development bodies of the member countries in order to conduct joint studies and activities in the fields outlined in the Amazon cooperation treaty.

The Surinamese delegates asked that the next meeting of the Amazon economic cooperation treaty be held in Paramaribo.

SURINANEBOUTERSE ENDS 6-YEAR STATE OF EMERGENCY

PA251513 Madrid EFE in Spanish 1358 GMT 25 Feb 86

[Text] The Hague, 25 Feb (EFE) -- The state of emergency in force in Suriname since 1980 was lifted last night, on the sixth anniversary of the coup d'etat, Desi Bouterse, leader of Suriname, announced to Radio Netherlands today. Nevertheless, the military leader, who led the 1980 coup d'etat that overthrew a civilian government, added that the suspension of the constitution and the parliament remains in effect. In his statement, Bouterse also announced the elimination of all ranks in the Army, with the exception of those of "commander of the revolution" and "commander of the Army."

In recent years Western countries have pressured Bouterse to carry out a number of political reforms, and in 1982 the United States and the Netherlands cut off all aid to Suriname because of the execution of 15 opponents in that country. In November Bouterse established a timetable for the reestablishment of a democratic government, but the Netherlands termed it "excessively vague," so it refused to provide cooperation. Suriname, which has a population of 400,000 declared its independence from the Netherlands in 1954.

FBIS

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SANGUINETTI OPENS CONTADORA GROUPS' MEETING

PY270300 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0045 GMT 27 Feb 86

[Text] Punta del Este, 26 Feb (NA) -- Uruguayan President Jose Maria Sanguinetti has affirmed that the proposals contained in the Caraballeda Message (January 1986) constitute a "harmonious and balanced whole" that must be understood as such and also attributed to the Contadora Group peace efforts "the avoidance of greater evils," as well as "the capacity of bringing hope to life" when its death or "fainting" have been predicted. The Uruguayan president affirmed that both "the Contadora Group and the Support Group are working on Latin American solutions that are not dictated from the outside."

Sanguinetti delivered an extemporaneous, 30-minute speech to open the deliberations of the Contadora Group (Mexico, Panama, Colombia, and Venezuela) and the Support Group (Peru, Argentina, Uruguay, and Brazil) in a ceremony held on the premises of the Maldonado City Hall. Seated on the platform with President Sanguinetti were the foreign ministers of Uruguay, Enrique Iglesias; Peru, Allan Wagner; Brazil, Roberto Abreu Sodre; Mexico, Bernardo Sepulveda Amor; and Venezuela, Simon Alberto Consalvi, who spoke on behalf of his colleagues. The foreign ministers of Panama and Colombia will arrive in this summer resort tomorrow to join in the deliberations.

After welcoming his guests, Sanguinetti affirmed that they will give "once more testimony to the vigorous and serious peace efforts that Latin America is undertaking this year, which has been called the Year of Peace by the United Nations, to mark its 40th anniversary."

He recalled the words of John Paul II, who said that "peace is a value without borders" and then explained that by trying to preserve that value for the Central American region, they were making "a reaffirmation of democratic convictions." In praising the decision to create the Contadora Group in 1983, Sanguinetti said that "much has been done and much has been avoided; greater evils have been avoided, and confrontations have been avoided, confrontations that were in the past the sad rule but which today are no longer acceptable solutions to international problems."

Continuing, Sanguinetti said that the peacekeeping efforts are "Latin America's mature answer," and that the subcontinent "knows that it wants and what it does not want." He then added: "It wants democracy and respect for human rights and for the principle of nonintervention ensure the self-determination of peoples." Sanguinetti went on to say: "It does not want foreign forces operating in our countries, and it does not want our countries to serve as a battleground for the East-West conflict."

He also said that Latin America "does not want paternalism," pointing out that all this is clearly stated in the 10 points of the Caraballeda Message in "a harmonious and balanced whole."

The Uruguayan president then criticized those who, "through clever surgery, excise from the message one or another paragraph, according to their convenience, and present them isolated from the rest."

"We do not want," Sanguinetti continued, "guerrillas operating in our countries, but we do want reconciliation for the Central American society." Sanguinetti explained that these principles constitute "the harmonious and balanced whole of the Message of Caraballeda that must be implemented simultaneously."

In a passage of his speech, Sanguinetti recalled that "the death of the Contadora Group has been predicted many times, but it has shown a capacity to be reborn from the ashes." He added that "it has also been said many times that Contadora is nothing but a decalogue of good intentions, and we say that it is because, thanks to those good intentions, greater evils have been prevented and continue to be prevented." It is also thanks to "those good intentions that we at one time did not want to Malvinas conflict to be transformed into an East-West confrontation," Sanguinetti said.

In closing, he devoted a couple of paragraphs to note that the foreign and economy ministers of the Follow-up Group of the Cartagena Consensus (Argentina, Venezuela, Colombia, Mexico, Brazil and Uruguay, which acts as current secretariat) will begin deliberations on Friday, 28 February.

Speaking on behalf of his colleagues, Venezuelan Foreign Minister Consalvi emphasized the foreign debt. It should be noted that the meeting of the Follow-Up Group of the Cartagena Consensus has been requested by the Governments of Venezuela and Mexico in view of the new crisis brought about by the abrupt decline in the price of oil, he said. Minister Consalvi affirmed that "the Latin American nations cannot be asked to postpone their economic development, because without development, democracy cannot survive."

Wagner on Debt, Contra Aid

PY270240 Paris AFP in Spanish 0005 GMT 27 Feb 86

[Text] Punta del Este, 26 Feb (AFP) -- The reduction in oil prices is an additional factor that should contribute to promoting closer agreements among the debtor countries, Peruvian Foreign Minister Allan Wagner stated here today. Wagner has come to Punta del Este, a resort city 140 km east of Montevideo, to attend meetings of the Cartagena Consensus and the Contadora Group, which will end on 1 March.

Wagner, who came with his Argentine and Mexican counterparts, said that the objective conditions stemming from the debt problem are making debtor countries adopt increasingly harmonious, similar positions. The Peruvian foreign minister said the sharp drop in oil prices has severely affected some member countries of the Cartagena Consensus. He said that the overall reduction in the prices of raw materials has been added to the oil price drop.

Wagner described as necessary President Alan Garcia's decision to repatriate Peruvian reserves from the United States. Peruvian economic sovereignty ought to be guaranteed, Wagner said. He added that his country believes it is necessary for debtor countries to exercise their ability to make independent decisions in managing their economies and their foreign debt. He did not say, however, whether unilateral measures will be proposed after the Punta del Este meeting.

Commenting on the Central American crisis, Wagner said conditions may now be conducive to resuming the U.S.-Nicaraguan talks in Manzanillo. He noted, however, that it will be necessary to work on various fronts to achieve this. Wagner did not express surprise at President Ronald Reagan's decision to ask Congress to approve \$100 million in aid for the Nicaraguan contras.

Wagner demanded once again that the aid to the irregular forces that have been operating in the region be discontinued. He said: We are clearly against the U.S. aid to the Nicaraguan counterrevolutionaries.

VENUE OF PRESIDENTIAL SUMMIT CHANGED TO HONDURAS

PA252200 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 25 Feb 86

[Text] The meeting between the Central American and Panamanian presidents agreed to in Guatemala on 15 January will take place in San Pedro Sula, according to an announcement made yesterday by Carlos Orbin Montoya, president of the National Congress. Vinicio Cerezo proposed this meeting in his first speech as president of Guatemala and was supported by Presidents Eric Arturo Delvalle of Panama, Jose Napoleon Duarte of El Salvador, Daniel Ortega of Nicaragua, and Jose Azcona Hoyo of Honduras. The heads of state later signed a communique in which they announced the presidential summit, which was to take place in Esquipulas, Guatemala, as proposed by Cerezo.

However, Carlos Montoya said: We have asked to have the meeting in Honduras, and the proposal has been accepted by the presidents. It has been agreed that the meeting will be held in San Pedro Sula, to honor that city which played a primary role in the Liberal Party's triumph. He did not specify who had made this proposal, but in his statements he hinted that the city was chosen for political reasons.

The parliamentarian said: We want to give San Pedro Sula political clout and make it a political center at the Central American level. The lawyer did not specify the date on which the meeting would be held, but said it would be in March or April. At the meeting, bilateral and multilateral relations in Central America will be discussed, as well as some of the Contadora decisions.

In Guatemala, Vinicio Cerezo said that the meeting would serve to strengthen the ties of friendship and seek peace. At the meeting the Guatemalan leader's proposal to create a Central American parliament to solve the regional conflicts via political discussion will also be studied.

MORE ON CONGRESSMEN'S RETURN FROM UK MISSION

PY262339 Buenos Aires BUENOS AIRES HERALD in English 26 Feb 86 p 9

[Text] (DYN-NA) -- Senator Adolfo Gass (Radical) and Deputies Federico Storani (Radical) and Jose Bordon (Justicialist) returned yesterday from London after a "very favourable" mission concerning the Malvinas Islands. Storani denied having offered self-determination to the Malvinas islanders. He pointed out that he was misinterpreted when he spoke of "autonomy" in the context of presenting Argentina's "historical position" of annexing the Malvinas to a province. "Since our provinces are autonomous, I stated that the inhabitants of the Malvinas would gain autonomy," he explained.

Storani said that the British Parliament had given a "favourable" response to the United Nations resolution that calls for negotiations on all aspects of the future of the islands, including the sovereignty issue. He added "this is not what Prime Minister Margaret Thatcher wants, and this explains her manoeuvre -- because they (the British) are masters and have many years of experience -- to appear in the eyes of the world as if their position is flexible and we are intransigent."

According to Storani, this would be the reason for the alleged invitation by the British Foreign Office that was never made (to meet with Office Secretary Tim Eggar) but was leaked to the British press. "Anyhow, the meeting would have served no purpose since we were informed that the agenda would not include the issue of sovereignty," he added.

In reference to a meeting the congressmen held with a Kelper representative, Storani pointed out that the meeting was important because it allowed them to present the Argentine position, "since one of the strongest arguments used against us is that we do not consider the interests of the islanders." He went on to say that the Kelper representative did not accept the Argentine position and stated that the islanders desired to remain British citizens, and he answered that it was not up to the Kelpers to decide since they are British citizens and hence party to the discussion. He added that the Kelper they met was a "faithful exponent of the economic interests that represent an elite among the islanders, because the majority shows a great indifference towards the question, and a great fear since the Malvinas population is culturally backward because they were abandoned by Great Britain many years ago."

Storani's statements were made in Ezeiza airport upon his arrival, and in the same press conference Justicialist Bordon denied knowing if his trip had caused problems within his party. He explained that he travelled with the parliamentary mission as a congressman and not as a representative of his party. Questioned about the possibility of being sanctioned by a Justicialist disciplinary council, he said he would accept it provided that the council were elected by direct popular vote, "so that future justicialists taken before the council will know that the organism that is judging their conduct expresses the will of the people of the nation." The Peronist added that he had received a letter from La Rioja Governor Carlos Menem stating that "it doesn't matter where or with whom we meet, as long as we defend the permanent interests of our country."

Gass said that the delegation's most important achievement was the fact that "during five days the British media covered the Argentine delegation and their proposals. We received more attention than when Argentina won the Soccer World Cup."

The legislators also mentioned the importance of the meetings they held with Labour Party leader Neil Kinnock, Social Democrat leader and former Foreign Minister David Owen, and Liberal Party leader David Steel. The fourth member of the Argentine delegation, Popular Conservative Senator Julio Amoedo, travelled on to Paris, France, and is scheduled to return next Saturday.

GOVERNMENT TELLS IMF PAYMENTS CURRENT BY JUNE

PY231945 Buenos Aires BUENOS AIRES HERALD in English 23 Feb 86 p 1

[Text] (NA) -- The government told the International Monetary Fund (IMF) yesterday that Argentina will bring overdue interest payments completely up to date by the end of June, and that it will soon begin eliminating price controls. In a letter of intent to IMF director Jacques de Larosiere, Economy Minister Juan Sourrouille also asked the IMF to extend Argentina's current agreement with the IMF for another two months.

Sourrouille admitted that Argentina had not met all austerity measures agreed to with the IMF last year, but said that the government's "economic policy has been satisfactory and appropriate for reaching the (IMF) programme initiatives." The letter says the government "does not believe it possible" to bring all interest payments up to date by the end of next month, as agreed, and so proposes to "reduce back interest to a figure no greater than 1.050 billion dollars by March 31."

The minister also asked the IMF to extend Argentina's current accord with the fund, through which Argentina has received three stand-by loans and will likely receive a fourth, from March until May 31. Sourrouille's letter also says that the government plans to hold inflation down to an average of two percent a month and "to suppress gradually price controls." The government will not resort to printing unbacked currency to pay its bills, and will keep the federal deficit at three percent of the Gross Domestic Product, says the letter.

CAPUTO DISCUSSES DEBT, FOREIGN POLICY

PY261800 Buenos Aires TELAM in Spanish 0128 GMT 26 Feb 86

[Text] Buenos Aires, 25 Feb (TELAM) -- Foreign Minister Dante Caputo tonight stated that when we talk about foreign debt negotiations at the Cartagena Consensus we must make it clear that every country must speak according to its real situation. The efforts of an underdeveloped country are affected by a suction pump called foreign debt. However, at this time it is naive to say "let us not pay the debt," Caputo added.

In statements for a news program aired by Channel 13, Caputo said that he believes that political solutions are possible in foreign debt negotiations, but that Peruvian President Alan Garcia's proposal of setting a ceiling on the payments is not viable for Argentina.

Concerning the Austral Plan, the foreign minister said that it is an unorthodox plan that has been discussed with out creditors who have accepted it, and that we Argentines are aware that if we want a lasting democracy, it must be built on a solid foundation.

Concerning international relations, Caputo stated that we have been consistent and have made room for ourselves on the international scene. He said that Argentina is a Western country which believes in private business, a country that does not side with the North Atlantic Treaty Organization (NATO) or with the Warsaw Pact. Therefore, Argentina is a nonaligned country.

Concerning Central America, Caputo stated that I believe that we agree with the United States insofar as we want pluralist democracies, but we disagree with the methods. Within the Latin American context we are concerned over both Nicaragua and Chile, Caputo concluded.

MEXICO'S SEPULVEDA ON 'SECURITY CORDON' PROPOSAL

PY261710 Buenos Aires DYN in Spanish 1157 GMT 26 Feb 86

[Text] Buenos Aires, 26 Feb (DYN) -- Mexican Foreign Minister Bernardo Sepulveda Amor today stated that the Contadora Group and the supporting countries will study in Punta del Este a peace proposal for Central America involving the establishment of a security cordon to prevent border incidents between Nicaragua and Costa Rica. Sepulveda Amor made this statement at Ezeiza Airport while he was on his way to the Uruguayan beach resort, where the Cartagena Consensus will also hold a meeting to discuss the worrisome Latin American foreign debt issue. Sepulveda Amor was accompanied by his Peruvian counterpart Allan Wagner Tizon, who stated that the Punta del Este meeting "is aimed at designing new forms of joint actions," to face the creditors.

CAPUTO, SEPULVEDA DEPART FOR URUGUAY MEETING

PY261945 Buenos Aires TELAM in Spanish 1926 GMT 26 Feb 86

[Text] Buenos Aires, 26 Feb (TELAM) -- Argentine Foreign Minister Dante Caputo this afternoon left for Punta del Este, where he will take part in the first meeting of the Consensus of Cartagena Follow-up Committee, in order to analyze the foreign debt problem with other representatives of the Southern Cone. Caputo left from the military base of the Metropolitan Airport accompanied by his Mexican counterpart, Bernardo Sepulveda Amor, shortly before 1600 [1900 GMT]. Foreign Minister Caputo also was accompanied by Jorge Sabato, international affairs secretary; Jorge Romero, under secretary for international economic relations; and Raul Alconada Sempe, Latin American affairs under secretary.

CGT SETS 6 MARCH DEADLINE FOR GOVERNMENT REPLY

PY262307 Buenos Aires BUENOS AIRES HERALD in English 25 Feb 86 p 9

[Text] (NA-DYN) -- General Confederation of Labor (CGT) Secretary-General Saul Ubaldini set a March 6 deadline for the government to meet labour's wage and reactivation demands, after which CGT leaders will meet to "adopt the measures they deem necessary" to fight government economic policies. CGT leaders said the measures would almost certainly include "mobilizations."

Ubaldini called on the government to "put the solutions into effect that we not only demand, but also deserve." Ubaldini said the government has sent no proposal on raising the minimum wage to the CGT, although officials have reportedly met with leaders of the 62 Organizations union power bloc to talk about raising the minimum wage. 62 Organizations leaders denied that they were involved in "formal negotiations" with the government over wages, but said they might in the future.

The CGT's National Unity Congress, planned for next month, received support from the Secondary, Tertiary and Technological University Students' Federations, all of whom also endorsed the CGT's 26-point economic programme. The Progressive Democrat Party announced it will not attend the Unity Congress, saying that the CGT's demands should be debated in the national congress.

Ubal dini blasted Buenos Aires Province Radical Party head Juan Manuel Casella, who said on Sunday that Ubal dini was an "old-style leader of traditional union Peronism." Said Ubal dini: "I would like to ask Mr Casella when he ever worked, and what he lives on. We have a plan, a project, and we're going to continue."

On the strike front, court clerks will go on a 24-hour strike today to demand a 25-percent wage increase, equal to that granted to judges and some court officials. The bank clerks' union reached a settlement with state-owned banks and today will try to do the same with private banks in order to head off the stoppages planned for Thursday and Friday. The clerks were demanding adjustments in work schedules.

Construction workers' union leader Juan Alejo Farias said hard-hatters will soon begin a "battle-plan", complete with go-slow measures and demonstrations, after talks broke down yesterday with management over salary demands.

Public Works and Services Minister Roberto Tomasini completely discarded the chance of postal workers returning to the go-slow measures which kept mail moving at a trickle during most of January. Tomasini assured union officials that the settlement ending the last go-slow measures will be respected.

Deputy Roberto Sammartino (Radical-Santa Fe) said that Congress "should begin to analyze a proposal that would regulate the right to strike", especially for essential services like transport and communications.

SPANISH VESSEL NOT DETAINED AS REPORTED

PY241525 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2219 GMT 21 Feb 86

[Excerpt] Bahia Blanca, 21 Feb (NA) -- A reliable source reported this afternoon that the Spanish fishing ship Urabains, 75 meters long, has been detained at the local port since the beginning of this week for "violating the fishing law," after it made important catches -- using a British permit -- in the exclusion zone unilaterally established by Great Britain around the Malvinas Islands.

The ship, especially equipped to freeze the cargo and transport it to remote ports, entered the port of Ingeniero White on its own captain's orders "Monday or Tuesday" around 1500 after the freezing equipment broke down. Thus, the source clarified the initial reports on this event, which erroneously stated that the "Urabains" had been intercepted by Argentine Naval Prefecture units in the South Atlantic.

BRIEFS

NEW SECRETARIES SWORN IN -- President Raul Alfonsin today took the oath of office of the legal and technical secretary to the Presidency's General Secretariat, Jorge Gonzalez Pastor; and of budget programming and control secretary to the Defense Ministry Jorge Garcia Ferro; and production secretary to the Defense Ministry, Daniel Larriqueta. [Excerpt] [Buenos Aires TELAM in Spanish 2113 GMT 20 Feb 86 PY]

USSR OFFERS \$220 MILLION FOR AGRICULTURAL PROGRAMS

PY212313 La Paz Radio Illimani Network in Spanish 1700 GMT 21 Feb 86

[Text] The minister counselor of the Soviet Embassy in Bolivia has reasserted the Soviet Government's intention to grant \$220 million in aid to Bolivia for the development of agricultural programs. This was said during a protocol visit by the Soviet minister counselor to the Agricultural and Peasant Affairs Ministry. Igor Prokof'yev, the Soviet minister counselor, noted that the Soviet Government wants to promote agricultural aid to Bolivia. This was said in a meeting held with the agricultural affairs under secretary. They discussed the possibility of establishing in Bolivia an assembly plant for tractors which it is believed is necessary to fulfill Bolivian Government objectives. He said: Mechanization is important to improve agricultural production.

He also said: The Agricultural and Peasant Affairs Ministry supports our proposals. We believe that with the aid of interested sectors we shall be able to implement this program.

Moreover, (Damian Farrel), the under secretary for agricultural affairs, noted that the government was offered \$220 million, of which \$200 million will be used to help Bolivian businessmen. He said that \$20 million will be spent on the manufacture of tractors and agricultural tools in Cochabamba; the establishment of a tire factory in Riberalta to make use of the rubber produced in the region; and the establishment of a meat packing plant in Reyes. They also offered to supply technical support and equipment to process gold and other nontraditional minerals.

SOFT LOANS SECURED FROM ANDEAN COUNTRIES

PY262100 La Paz PRESENCIA in Spanish 22 Feb 86 p 1

[Text] During the Caraballeda meeting the Andean countries committed themselves to granting soft loans to Bolivia through the Andean Development Corporation (CAF) and the Andean Reserve Fund (FAR). The latter will support our balance of payments.

This was stated yesterday by Integration Minister Fernando Caceres Diaz, who said that during the meeting additional community support actions were approved to meet national development requirements.

"Among these achievements we can mention the [establishment of a] multinational agency for Bolivian development, the strengthening of the Assistance Program for Bolivia [Programa de Apoyo a Bolivia], and the channeling of soft loans through the CAF and the FAR," Caceres Diaz stated.

The minister reported that the Bolivian delegation "demanded" a consensus from the Andean nations to cooperate with Bolivia by giving it preferential treatment because of the current economic situation, "which no longer is a short-term crisis but has turned into a structural crisis since the collapse of the tin market."

Therefore, we proposed that Bolivia be granted greater trade and industrial allowances and more leeway in the fulfillment of the commitments made to the Cartagena Consensus, Caceres Diaz stated.

He added that the willingness of the Andean countries to cooperate with Bolivia was proven by statements by the integration ministers.

CONGRESS APPROVES TRIAL OF GARCIA MEZA

PY261929 Madrid EFE in Spanish 1144 GMT 26 Feb 86

[By Juan Maria Calvo]

[Excerpts] La Paz, 26 Feb (EFE) -- The Bolivian Congress has approved a resolution stating that former President Luis Garcia Meza Tejada will be tried by the Supreme Court to account for his government. After a lengthy, 8-hour session, resuming the one adjourned last Wednesday, the Bolivian Congress on Tuesday night resolved -- by 128 votes against 2 -- that General Garcia Meza; his Interior Minister General Luis Arce Gomez; and others whose whereabouts are unknown are all guilty.

The Congress stated that Garcia Meza is guilty of sedition, armed uprising, treason to the fatherland, genocide, murder, fraud against the state, crimes against the Constitution, and other charges.

Some congressmen walked out of the hall when the vote was taken, especially those belonging to the rightist Nationalist Democratic Action (ADN) and the ruling Nationalist Revolutionary Movement (MNR), all of whom were to a greater or lesser degree involved with Garcia Meza's government.

Of a total of 157 congressmen, only 130 voted, of whom only 2 dared to vote against the resolution: Guillermo Tineo of the ADN, who was the president of the State Bank under the Garcia Meza regime and stated that he is Garcia Meza's friend, and MNR Senator Ciro Humboldt.

Several deputies compared Garcia Meza's accountability to the situation in Argentina. Mario Rueda Pena, of the Nationalist Revolutionary Movement of the Left (MNRI), stated that "just as someone called Videla is in jail in Argentina, Garcia Meza should be in jail in Bolivia."

Minister Endorses Decision

PY270136 La Paz Cadena Panamericana in Spanish 0000 GMT 27 Feb 86

[Excerpts] Information Minister Antelo said today during a press conference that the government believes the decision to try former de facto President General Luis Garcia Meza for his responsibilities during his administration is positive.

[Begin recording] I believe the congressional decision regarding citizen Garcia Meza and his aides reaffirms our institutional democracy. This decision, which of course is autonomous, is worthy of respect and [word indistinct] by President Victor Paz Estenssoro's government.

I want to clarify that this is not just a trial against the institution of the Armed Forces, which is an organization of vertical authority, but rather against the leadership who made the decision binding the rest of the forces. Therefore, the responsibility falls on the group that made the decision. [end recording]

Minister Antelo said later that up to this moment there are no reports that Garcia Meza is in Bolivia.

MNR EXPRESSES SUPPORT FOR PAZ, GOVERNMENT

PY250201 La Paz Cadena Panamericana in Spanish 1700 GMT 24 Feb 86

[Text] The MNR [Nationalist Revolutionary Movement] political commission has submitted to Cadena Panamericana a declaration signed by MNR Acting Director Nuflo Chavez Ortiz; Deputy Chief of the Labor Department (Jose Luizar); Permanent Secretaries, Carlos Ponce Sangines and Jorge San Martin; and other members of the MNR political commission. The 5-point declaration notes:

The MNR reasserts its categorical loyalty to its national leader Victor Paz Estenssoro. The MNR is aware of the serious crisis [affecting the nation] and the sacrifices that must be made to overcome it, since the development and happiness of all Bolivians is in the hands of each individual MNR militant and depends on his efforts and the integrity with which he confronts the crisis.

The party's actions and that of the government are indispensable in this difficult task. Consequently, the MNR supports the government and its leadership.

In its capacity as a tool of national liberation and as a representative of the alliance of social classes, the MNR is interested in overcoming the present national situation. It admits that there are different opinions within it but that all of them are within the framework of the national revolutionary doctrine and that it is united to achieve those objectives and goals that have been proposed by the government.

The declaration adds that the MNR reasserts its firm will to maintain its own structure and organization as an effective means aimed at benefiting the large national majorities.

FORMER MINISTERS ISSUE DRUG TRAFFICKING REPORT

PY212041 Paris AFP in Spanish 1357 GMT 21 Feb 86

[Text] La Paz, 21 Feb (AFP) -- The Limited Financial Consultants organization, which is managed by Roberto Jordan Pando and Jose Ortiz Mercado, former ministers under the Hernan Siles Zuazo administration (1982-1985), stated today in La Paz that drug trafficking in Bolivia yields revenues totaling \$486 million per annum, while legal exports barely match that amount.

According to a survey, there are 48,800 people producing coca leaves, the raw material for cocaine. These people produce 152,000 tons of coca leaves, of which less than 20 percent is used for chewing in the Andean area. The survey estimates that 121,000 people will be producing 270,000 tons of coca leaves by 1990.

Jordan Pando and Ortiz Mercado state that a hectare of coca leaves yields a gross profit of \$51,000 for the traffickers. One-third of that hectare yields 13.2 kg of paste or cocaine sulphate, which brings \$1 million on the streets of Miami.

Jordan Pando and Ortiz Mercado say that Bolivian cocaine profits, totaling \$2 billion, are more than triple Bolivian exports. In conclusion, Jordan Pando and Ortiz Mercado state that, on a world scale, the drug trafficking business yields yearly profits of \$135 billion, while the world's largest transnational company, Exxon, owned by the Rockefeller Group, yields profits totaling barely \$78 billion.

NO RENEWAL PLANNED FOR U.S. MILITARY ACCORD

PY271045 Madrid EFE in Spanish 1131 GMT 25 Feb 86

[Text] Brasilia, 25 Feb (EFE) -- Brazil will not reestablish the military aid accord with the United States, but the door has been left open for a development and cooperation program for joint production of military materiel. This official announcement was made today in the wake of the visit which Fred Ikle, the U.S. defense under secretary, paid to Brazilian military ministers.

In 1976 Brazil turned its back on the military aid accord with the United States as a result of the pressure which Jimmy Carter's administration exerted on General Ernesto Geisel's military regime and the harsh criticism it made of the regime's violations of human rights. As with most of the accords that Washington had signed with its Latin American allies, the one with Brazil allowed this country to receive arms and technical aid.

Today Ikle will visit several military factories in Sao Paulo where he will acquaint himself with the progress made in the manufacturing of armored vehicles, missiles, planes and other weapons. According to Ikle, the United States is interested in the light armored vehicles for which Brazil holds the trademark. The success of these vehicles has been fully demonstrated by the growing exports to Third World countries. We are impressed by the progress achieved by Brazil's military industry, Ikle said. The U.S. under secretary will hold a press conference at the Rio de Janeiro Military College tomorrow. He will discuss the East-West strategy, thus closing his visit to Brazil.

AQUINO GOVERNMENT 'IMPLICITLY' RECOGNIZED

PY270020 Paris AFP in Spanish 2048 GMT 26 Feb 86

[Text] Brasilia, 26 Feb (AFP) -- Brazil today implicitly recognized the new government in the Philippines through a telegram President Jose Sarney sent to his colleague Corazon Aquino congratulating her on being inaugurated as her country's president. According to a diplomatic source, Brazil opted for the formula of implicit recognition because relations with the Philippines had not been interrupted. Sarney expressed to Mrs Corazon Aquino his most sincere congratulations on the return of democracy in the Philippines.

MILITARY WANTS EMERGENCY MEASURES IN CONSTITUTION

PY250231 Rio de Janeiro O GLOBO in Portuguese 22 Feb 86 p 3

[Text] Brasilia -- The Armed Forces believe that to limit in the Constitution the concept of national security to that of a guarantee against foreign threats, disregarding domestic factors is a "dangerous mistake." Moreover, they support the continued enforcement of the state of siege and of emergency measures. They also reject any plan to unionize the Armed Forces.

These are some of the suggestions made by the Armed Forces constitutional commission that makes suggestions for the new Constitution. In a statement issued by the commission, the Armed Forces note that the Constitution should safeguard the freedom to develop war technology and that no limits should be established in the defense budget. Moreover, they are against the removal of the military police from the Armed Forces and they note that the military service should continue to be mandatory.

The Armed Forces believe that the state of siege and the emergency measures are "flexible and that at present they meet all requirements: the state of siege is appropriate under war situations or in case of 'serious threats' to the country or its institutions; while emergency measures are to be enforced in cases of 'threat to public order or social peace resulting from calamities or cases of social unrest, but which do not justify the enforcement of the state of siege.'"

As for the objectives of the Armed Forces, they admit that their basic and fundamental objective is to serve as a tool in the defense of the country against foreign aggression, but they also admit that they could become necessary in certain domestic situations "whenever the enforcement of the other constitutional tools fail." According to the Armed Forces statement, the omission of this point from the new constitution is a "mistake" because it will deprive the nation of a legal and constitutional defense mechanism that is useful in serious situations when the police apparatus proves to be insufficient. The Armed Forces argue that national security means that the citizens' rights, the activities of political, economic, social and cultural institutions and rules of conduct are to be safeguarded from "adverse actions at all levels, domestic and foreign."

PFL LEADER MEETS SARNEY, DENIES SCHISM IN AD

PY261810 Sao Paulo Radio Bandeirantes in Portuguese 1500 GMT 26 Feb 86

[Text] President Jose Sarney wants the Democratic Alliance [AD] to continue to exist and trusts it will. A few minutes ago Senator Carlos Chiarelli, leader of the PFL [Liberal Front Party] held a meeting with President Sarney with whom he discussed the present disagreements between the PFL and the PMDB [Brazilian Democratic Movement Party] that resulted from the recent Cabinet reshuffle. According to Senator Chiarelli, Sarney is closely following this situation between the PMDB and the PFL, but he will not interfere in internal party problems. Moreover, President Sarney asserted that he trusts that the AD will continue to politically support the government. Senator Chiarelli noted that there is no schism within the AD, as stated by some PMDB sectors, because the party has kept its Cabinet posts.

GOVERNMENT SAYS ALCOHOL PROGRAM 'IRREVERSIBLE'

PY261941 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Feb 86 p 11

[Excerpt] Brasilia -- The Brazilian Government has decided to ease the minds of owners of alcohol-powered cars by stating that the "Proalcohol [Fuel Alcohol Program] is irreversible," according to a communique released by the press office of the Mines and Energy Ministry. In the morning President Sarney said that "The Proalcohol is a strategic program that must be maintained." The press release was agreed upon during a 2-hour meeting at the office of Energy and Mines Minister Aureliano Chaves involving Finance Minister Dilson Funaro, Planning Minister Joao Sayad, and Industries and Commerce Minister Jose Hugo Castelo Branco.

The government communique, released at 1830 yesterday, is divided into three parts. The first states that "The government can give absolute guarantees to consumers as far as domestic supply is concerned." The second part indicates that "The price ratio between alcohol and gasoline is being examined by experts in view of the better performance of alcohol-powered engines, but consumers can rest assured that a comparable advantage will always be preserved."

The final part explains that "the current problem is an overabundance of alcohol and the extent of its competitiveness in light of the declining oil prices. Thus, no new alcohol distillery projects will be approved until the appropriate commission charged with studying the matter can reach a decision."

The statements and explanations of the three ministers after their meeting with their mines and energy colleague were couched in terms similar to those of the press release. Dilson Funaro said that "the Proalcohol program cannot be paralyzed." According to the finance minister, the production of alcohol can be "levelled off" for 1 or 2 years, on the basis of current production. The latest figure released by the National Executive Commission for Alcohol (CENAL) is 11.95 billion liters of alcohol will be produced from the 1985-1986 harvest. This level could be maintained for the next 2 years. "New projects will be suspended," Funaro said. According to Industries and Commerce Minister Jose Hugo Castelo Branco, the alcohol distillery projects that the CENAL has already approved will still go ahead.

GOVERNMENT LEADER IN CONGRESS RESIGNS POST

PY270025 Brasilia Domestic Service in Portuguese 2100 GMT 26 Feb 86

[Text] Senator Fernando Henrique Cardoso today submitted his letter of resignation from the post of government leader in Congress to President Sarney. In the letter, Senator Cardoso expressed thanks for the support he received from the government and explained that he is resigning in order to devote more time to the PMDB [Brazilian Democratic Mobilization Party] electoral campaign in Sao Paulo.

According to presidential press secretary Fernando Cesar Mesquita, the senator had said in December that he would leave the post. He also said that President Jose Sarney has not yet decided if he will eliminate the post, which was especially created for Fernando Henrique Cardoso.

BRIEFS

PRIVATE SECTOR DEBT -- The private sector debt in 1985 reached 1.36 quadrillion cruzeiros, representing 41.6 percent of the GDP. [Excerpt] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Feb 86 p 11 PY]

CASH FLOW DEFICIT -- The Central Bank has reported that the Brazilian cash flow deficit reached 74.72 trillion cruzeiros in 1985. This deficit amounted to 5.5 percent of the GDP, some 1,360 trillion cruzeiros. In 1984, the cash flow deficit was 4 percent of the GDP. [Summary] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Feb 86 p 11 PY]

INDICTMENT SOUGHT FOR INTRANSIGENTS' SANHUEZA

PY251816 Santiago Domestic Service in Spanish 1630 GMT 25 Feb 86

[Text] The Interior Ministry today asked the courts to indict Democratic Intransigence President Manuel Sanhueza for violating the state internal security law. Interior Ministry legal adviser Alberto Rios made the petition to trial judge Marco Aurelio Perales, who since 10 February has been handling an injunction filed against Sanhueza for articles published in the weekly ANALISIS. Attorney Rios told journalists that additional evidence was presented to the courts, proving the indictee's participation in crimes provided for under the state internal security law. These crimes include calling for the disruption of public order and illegally paralyzing national activities.

Arrest Ordered

PY261805 Santiago Domestic Service in Spanish 1630 GMT 26 Feb 86

[Text] Trial Judge Marco Aurelio Perales has indicted and ordered the arrest of Democratic Intransigence leader Manuel Sanhueza for violating the state internal security law. Sanhueza -- who, according to his attorney Gustavo Villalobos, tomorrow will present himself in court on his own will -- has been specifically charged by the trial judge with inciting to disrupt public order and to overthrow the established government, under Article 4, Clause A, of the State Security law.

JOURNALIST ARRESTED FOR 'OFFENDING' CARABINEROS

PY261716 Madrid EFE in Spanish 1605 GMT 16 Feb 86

[Text] Santiago, 26 Feb (EFE) -- Fernando Paulsen, correspondent in Chile for the U.S. weekly TIME and editor of the opposition magazine ANALISIS, was arrested today on a warrant issued by the judge advocate charged with offending the Carabinero Corps. EFE received the information on the arrest of the Chilean journalist from ANALISIS Director Juan Pablo Cardenas. Cardenas explained that the judge advocate this morning decided to indict Paulsen and send him to prison charged with offending Carabineros for the cover story of the 102d issue of the magazine ANALISIS, published in August 1985. At that time Paulsen was acting director of the publication.

The cover story in question reported, under the headline "Murderers," on the decision of special Judge Jose Canovas Robles to indict two Carabineros officers and prevent others from leaving the country in connection with the kidnapping and murder of three communist professionals in March 1985. On that occasion Canovas' ruling prompted the resignation of General Cesar Mendoza, Carabineros Director General and member of the Government Junta, and the disbandment of the Carabineros Intelligence and Communication Directorate (Dicomcar).

With a single exception, all the people involved in these murders have been released after the Supreme Court ruled that sufficient evidence had not yet been provided through the investigation, which Judge Canovas is still conducting. Juan Pablo Cardenas told EFE that the judge advocate's ruling is "bizarre," because "no one has been offended," adding that the ANALISIS lawyers will appeal before the Military Court.

SOCIAL DEMOCRATS REJECT MDP-PR AGREEMENT

PY251335 Santiago LA TERCERA DE LA HORA in Spanish 16 Feb 86 p 6

[Text] In the face of the recent signing of an agreement between the Radical Party [PR] and the Popular Democratic Movement [MDP], Social Democratic leader Arturo Venegas has said that "it is surprising to read that the PR has reached a political agreement with the MDP." Venegas said the following in a declaration made public yesterday:

"As is known, the parties that are members of the Democratic Alliance [AD] have decided to answer separately the MDP invitation to start talks on eventually achieving political pacts or agreements. The Christian Democracy and the Social Democracy have turned this invitation down. However, the PR and the Socialist Party [PS] have accepted the MDP invitation, stating that talks would be held just to exchange opinions. Therefore, it is surprising to read that the PR has reached a political agreement with the MDP. This attitude appears to be inconsistent after the categorical statements made both by the Communist Party [PCCh] through a manifesto and by the MIR [Movement of the Revolutionary Left] through the statements made by its leader, Andres Pascal Allende. Both have just recently publicly ratified that their pursued ends or goals seek the establishment in Chile of an 'advanced popular democracy' in the Cuban style. In addition, they have stated that their strategy vis-a-vis the current military regime will involve armed struggle and insurgency, an attitude for which the MIR has been known for years."

"We respect the autonomy of every party that is an AD member, but regret this situation which debilitates the AD as an alternative for replacing the military regime and confuses public opinion."

"However, on the other hand, this reflects a consequence of the military government's rejection of the concerted way out proposed through the National Accord. This has led to the beginning of a political polarization process which benefits extremism, whose revolutionary messages appear to be more attractive than the National Accord's democratic balance. This polarization process will become more severe through increased violence, which we repudiate. The government must understand that repression does not prevent violence and that it must allow the people to participate by restoring democracy."

"Therefore, we, the Social Democrats, reiterate that the National Accord is the only viable peaceful way out for a concerted effort to democratize the country and that our efforts will be aimed at pressing and mobilizing ourselves to reach the goals stated in the National Accord and not those that are foreign to our democratic beliefs."

RECOGNITION EXTENDED TO AQUINO ADMINISTRATION

PY261619 Paris AFP in Spanish 1545 GMT 26 Feb 86

[Text] Santiago, 26 Feb (AFP) -- The Chilean Foreign Ministry today announced in Santiago that this country has recognized the new Philippine administration presided over by Corazon Aquino. An official spokesman of the Chilean Foreign Ministry reported that the Chilean Embassy in Manila had been formally notified of the installation of the new Philippine administration after the ouster of General Ferdinand Marcos. Upon receiving this information the embassy immediately expressed Chile's desire to maintain the best and most cordial relations with the government and people of that Asian country.

POLICE UNCOVER SUBVERSIVE PLOT, ARREST 18

PA242015 Bogota EL SIGLO in Spanish 18 Feb 86 pp 1, 8

[By Eduardo Carrillo]

[Text] The National Police uncovered a subversive plan to hinder the normal course of the legislative elections on 9 March, after almost completely dismantling a leftist 19 April Movement (M-19) column and neutralizing an attack on military garrisons and on an armored truck. Authorized National Police spokesmen said that over the weekend, in the course of intensive investigations aimed at locating the transmitters of the M-19's clandestine "Radio Macondo," the authorities clashed with an insurgent column in southeastern Bogota. The guerrilla Julian Olmedo Ospina was killed and Captain Carlos Alberto Velez Fadul and Private Cesar Orlando Cacua, assigned to the Bogota Police Department, were wounded during the initial clashes. The clashes began in Corinto, a squatters' settlement, and then extended to Quindio, Altamira, La Victoria and Juan Rey.

In a gigantic encircling operation, the National Police captured 18 members of the self-styled "Heroes of the Palace" M-19 column, including Ivan Almarales Goenaga, son of Andres Almarales, former chief of the rebel organization who was killed during the merciless attack on the Justice Palace. Authorized sources revealed that in the operations carried out in southeastern Bogota, in addition to Almarales, the following guerrillas were arrested: Eliecer Luma Mosquera, German Cardozo Cardozo, Antonio Gonzalez Carrizosa, Francisco Eduardo Vargas Pinzon, Cesar William Rojas Cuervo, Helber Enrique Penalosa Torres, Carlos Alberto Martinez, Carlos Mario Acevedo, Rigoberto Bonilla, William Cesar Moreno, Cesar Augusto Celis, Ana Dolores Gomez, Lilian Puyo Tamayo, Martha Lucia Zambrano, Olga Patricia Ortiz, Olga Lucia Chavarro and Maria Monica Bermudez.

According to official sources, the rebel column in an effort to hinder the legislative elections on 9 March, planned to carry out actions against military and police garrisons, attack military convoys on the road to the plains, kidnap industrialist Elias Caicer Figales and attack Brinks' armored trucks. The captured guerrillas were carrying documents to claim shipments of dynamite in Santa Maria, Boyaca, and Marmato, in Caldas Department. The National Police also seized all documents related to the M-19 clandestine station "Radio Nacional." [as published]

FARC, GOVERNMENT PACT ENDS PEASANT EXODUS

PA232009 Madrid EFE in Spanish 1219 GMT 22 Feb 86

[Text] Bogota, 21 Feb (EFE) -- The Revolutionary Armed Forces of Colombia (FARC) today ordered the 24th Front to cease hostilities against the Army in the Middle Magdalena river region, in the country's north, as requested by more than 4,000 peasants who left their land 10 days ago. This was announced by Braulio Herrera, spokesman of the Patriotic Unity (UP), after attending a meeting with the Peace Commission in which an agreement was signed with Deputy Government (Interior) Minister Pablo Ruben Vernaza. The order to stop all the fighting near Yondo (Antioquia Department), on the Magdalena River banks, was given by Manuel Marulanda Velez ("Tirofijo"), founder and top leader of the FARC, under the condition that the government also order a stop to "the military harassment" of the 24th Front.

Marulanda talked from the Uribe Mountains, in the eastern plains, with the Peace Commission in Bogota through a radiotelephone installed by the government at the request of the guerrilla group, which was founded more than 35 years ago. "The FARC National Secretariat, at the friendly request of the Peace Commission, orders the 24th Front to cease its fire effective 0000 hours on 22 February (0500 GMT)," a FARC document said. However, the FARC warned that the order will be in effect for an indefinite period of time "if President of the Republic Belisario Betancur reciprocates this friendly sign for peace with a similar order to all civilian and military authorities in the region."

The peasant exodus created a delicate public order situation in Barrancabermeja (Santander), where peasants sought refuge in schools, streets, and plazas, while the city had to be placed under military control. Yondo residents, accused by the Armed Forces of abandoning their land under FARC pressure for political intentions, began to return to their places of origin with the government's help on Friday afternoon.

'VIOLENCE' CLAIMS 108 LIVES SO FAR IN 1986

PA252132 Bogota EL TIEMPO in Spanish 21 Feb 86 p 8-A

[Excerpt] With 17 days remaining before the 9 March elections, state security agencies revealed that violence in Colombia has claimed the lives of 108 policemen, soldiers, guerrillas, and peasants thus far this year. Statistics reported by Radio Cadena Nacional indicate that in the first 51 days of 1986, 24 policemen, 23 Army troops, 10 peasants, and 51 guerrillas died. The greatest number of deaths were reported in the east and north where 23 Army officers, NCO's, and enlisted men; 3 national policemen; and 45 members of the National Guerrilla Coordinating Board were killed.

EPL ANNOUNCES ACTIVE BOYCOTT OF ELECTIONS

PA251314 Bogota EL SIGLO in Spanish 20 Feb 86 pp 1, 2

[Text] The self-named Popular Liberation Army (EPL) has announced its open participation in propaganda and military actions in the boycott of the 9 March legislative elections. "There are no guarantees for participation with candidates in the elections. Things have reached the point where the revisionists of the Patriotic Union, having promised the moon and stars, the demobilization of its guerrillas, and peaceful co-existence, also harass, murder, and persecute. They even close the door to electoral alliances with sectors of the Liberal Party," according to the information organ of the Communist Party of Colombia (PCC) and its armed branch, the EPL. As is known, on 24 August 1984 the PCC-Marxist Leninist Faction and the EPL signed an agreement of President Belisario Betancur.

The EPL has also announced that it will create three new combat fronts in honor of its leaders who fell during disturbances in northern Bogota. According to that leftist organization, the new fronts will carry the names of: "Oscar William Calvo, Angela Trujillo, and Alejandro Arcila." It also disclosed that on 7 December of last year the EPL's "Jesus Maria Alzate" front killed eight members of the Army and the national police on the road from San Pedro de Uraba to Turbo and seized several rifles, uniforms, and ammunition of different calibers.

INFORMATION AGENCY EXAMINES NATION'S ECONOMY

FL242302 Bridgetown CANA ALASEI in English 1951 GMT 23 Feb 86

[Text] Bogota, Feb 23, CANA-ALASEI -- Colombia, which hardly two months ago was fighting to finalise a million dollar (U.S.) credit arrangement with the international banks, and which as a result had agreed to a controversial three-month stand-by arrangement with the International Monetary Fund (IMF), is today refusing the offered credit. The surprising change was brought about by good fortune in the coffee industry.

Last December, the economic planners had hardly signed, in New York, the agreement for a loan of one billion U.S. dollars, when a World Bank group finally gave in to the country's demands, ALASEI [Latin American Special Information Services Agency] reported. This culminated a year and a half of complex negotiations, which included the IMF's tough conditions to improve economies. Then, at the end of January, the government announced that it refused 350 million dollars, that is, more than a third of the loan, and filled the void with new income from a coffee windfall.

At the same time, Colombia paid, in advance, a five-year U.S. 229 million dollar loan, given by the Andean Reserve Fund (ARF), to offset the fall of the country's international reserves, which at the time were way down, precisely from servicing the debt. In a third series of negotiations, the country re-established its position with the IMF, buying 114 million special drawing rights (SDR), for some U.S. 100 million dollars. This amount had been used up during the period of difficulty with the reserves.

But that was not the end of the matter. Days before announcing these surprising measures, the government had reduced the existing interest rate in the internal financial market, a move which runs contrary to the IMF philosophy. Another move was the lifting of restrictions on the importation of capital goods and consumer durables. The restrictions on these imports had been part of the measures of economic adjustment, imposed by the IMF. Payments, in advance, of external debt, and the refusal of new credit, obviously, has an internal economic explanation, ALASEI said.

An effort is on to avoid the excessive conversion of the coffee dollars into pesos, which would succeed in pushing up the cost of living domestically. Right now, government is awaiting approval, by congress, of legislation to facilitate the handling of U.S. 1500 million additional dollars, which the country will receive this year through coffee exports. If these earnings are not properly managed, inflation, which in 1985 was 23 percent, could rise in 1986 to 70 percent.

At the end of January, the routine mission from the IMF, which visits the country each quarter, found a totally different situation, and had to return to the fund accepting the government's complete programme for 1986. The influential magazine SEMANA summed it up in these words: The situation has changed so much that now it is the fund which needs Colombia and not vice-versa.

In fact, said ALASEI, after the dismal failures of the adjustment programmes prescribed by the fund across Latin America, Colombia is the only country in the area which has improved substantially, and is in a position for sustained economic development for the rest of the decade. Notwithstanding this economic miracle, President Betancur continues to adopt the same Latin American position that the country had outlined in the Cartagena Accord. In a speech two days before turning down the credit package, he said that faced with its external debt and threats to its national sovereignty, the area must take collective action. He added that history itself has taught Latin America a bitter lesson insofar as its economic destiny is concerned, resulting in a massive increase in its debt: the recession limited investment by overseas companies, and the deposits derived from oil price increases increased World Bank liquidity.

GARCIA REAFFIRMS INDEPENDENCE OF IMF POLICIES

PY270201 Paris AFP in Spanish 0013 GMT 27 Feb 86

[Text] Lima, 26 Feb (AFP) -- President Alan Garcia stated here today that his government will not allow the intervention of any vice royal-type mission. This is the way Garcia answered questions posed to him regarding the scheduled arrival of IMF representatives in the country. Garcia added that the government has been quite clear in stating that it will not accept any type of intervention or treatment that may undermine Peru's economic sovereignty. These missions, he said, ultimately represent an intervention in the nation's economy.

The IMF, he said, is an organization to which we historically belong, but whose nature we do not share. In the first place because we do not accept the economic policy it imposes on its member countries. In the second place, because it signs agreements with the poor and debtor countries designed to obtain credits for them on the condition that they implement the economic policy that it preaches. Garcia went on to say that in order to do this from time to time it sends missions to inspect the Central Bank vault, to talk with ministers and businessmen, to meddle in all the state's secrets, and to examine the state's account books. Garcia said that we have nothing to hide, but there is no reason why anyone should distrust Peru. Whoever wants to know how the state is running should ask the government, and we will answer them honestly.

Over the past 5 years (during Fernando Belaunde's government), the IMF sent its missions to tell us how we should handle the interest rates, how to mark up prices, and how much our electricity and oil prices should be. This has ended, stated Garcia. He admitted that this attitude could harm Peruvian-IMF relations, but what is being sought is respect for the poor and debtor countries. These countries, because they are poor and debtor countries, do not cease to have dignity and economic sovereignty, he stated.

Moreover, the president reiterated Peru's decision to only use 10 percent of its exports to pay its foreign debt. He noted that at first this was regarded as a rash decision, but other countries have begun to understand that they must limit the payments on their debt to their export potential. He asserted that the payment program has already been drawn up and that it is being fulfilled. President Garcia said that no country must sacrifice its right to develop, to grow, and maintain justice just so that it can pay its debt.

WAGNER COMMENTS ON TRANSFER OF RESERVES

PY261245 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1129 GMT 26 Feb 86

[Text] Buenos Aires, 26 Feb (NA) -- Peruvian Foreign Minister Allan Wagner Tizon stated today that the transfer to Peru of gold and silver bars that had been deposited in Swiss banks "is a normal operation by the Peruvian Central Bank." Wagner Tizon made these remarks at Ezeiza Airport where he arrived today on his way to Uruguay, where he will participate in the meeting of the Contadora Support Group. Referring to the Cartagena Consensus, Wagner stated that this meeting will be held to outline new forms of collective action "to face more effectively" the foreign debt problem.

MINERS, DOCTORS, CUSTOMS EMPLOYEES ON STRIKE

PY262225 Paris AFP in Spanish 1651 GMT 26 Feb 86

[Text] Lima, 26 Feb (AFP) -- Some 17,000 miners of the state-run Centromin-Peru company are on strike in La Oroya, 188 km southeast of Lima and have threatened to march on the capital. In addition, 7,000 doctors, 6,000 railway workers, and 3,500 customs employees today went on strike in support of salary demands.

According to a spokesman for the Centromin miners, the country's largest mining company, the workers today ratified their decision to continue the indefinite strike they began on 24 February and to stage a march of sacrifice on Lima. This decision was made after the miners' leaders and Labor Ministry officials failed to reach agreements on a 38-point list of petitions analyzed during painstaking negotiations.

The miners, whose demands are supported by some 3,000 Centromin employees, want an 80-inti -- 80,000 sols (some \$5) -- salary increase, but the company has offered only a 26-inti hike. The strike, decreed by the Federation of Centromin Miners and Metalworkers, which represents 18 miner and employee unions, affects the Cerro de Apsco, Juin, Ica, and Lima mines, according to leader Luis Vizunuya. Centromin sources have pointed out that the company will be unable to grant a substantial salary increase because it is facing financial problems in the wake of the steady drop in the price of metals, particularly of copper, Centromin's main product, on the world market.

In the meantime, some 7,000 doctors of the Health Ministry hospitals and first-aid stations, who do not belong to the Social Security Institute, today decreed a 24-hour strike, demanding salary hikes and other benefits. Tito Fernandez, president of the medical association of the sector, said the strike was decreed because the authorities have refused to grant fair and moderate demands, but no figures were mentioned, and that the strike will be extended if they do not receive a positive answer. Fernandez remarked that the doctors will not issue health or death certificates and that they will only take care of emergencies.

In turn, more than 3,500 customs employees today began an indefinite strike demanding a 900-inti (some \$64) across-the-board monthly salary hike and other benefits. According to Jose Agurto, secretary general of the customs employee federation, the strike will affect import and export procedures and the payment of tariffs. Passenger and freight trains throughout the country will stop as of tomorrow when 6,000 railway workers begin a 72-hour strike demanding salary hikes, the Peruvian National Federation of Railway Workers said today.

GARCIA SAYS GUERRILLAS ERRED ON STRATEGY

PY261518 Paris AFP in Spanish 1854 GMT 25 Feb 86

[Text] Lima, 25 Feb (AFP) -- While President Alan Garcia has stated that the Shining Path will be defeated because of its strategic mistake of expanding operations in the Peruvian Andes region, the police today confirmed that nine people have been killed by the Maoist guerrilla group, thus raising to 130 the death toll of terrorist victims since last January. Garcia said that if the guerrillas led by Abimael Guzman had limited their expansion strategy to the so-called Andean trapezium region, Peru would have had much more serious problems. Maybe subversion would have totally defeated our state, based on law, the president said while opening a conference on development in the Andean trapezium region formed by Ayacucho, Apurimac, Huancavelica, Cusco, Puno, and Arequipa Departments.

The Peruvian Government plans to invest \$1 billion in this region to rescue some 8 million peasants from backwardness. Garcia said that, in the past 5 years, the Shining Path guerrillas had preferred to establish themselves along a longitudinal Andean axis formed by Ayacucho, Huancavelica, Junin, Pasco, Ancash, and Huamachuco (La Libertad) Departments, from where they launched sporadic attacks against the coastal cities, without having a massive presence in the jungle at their backs.

Those who know about strategy know that I am not lying... the Shining Path has suffered hard blows in the central region. They are now trying to extend themselves (towards the south in Cusco) by way of Vilcashuaman, but it is too late, Garcia said, referring to the deployment of military forces toward the south of the trapezium to intercept the guerrillas. He added that the Shining Path guerrillas whose terrorist actions have already caused some 7,500 deaths in the last 5 years -- are being driven out from the places they raid because of their methods of intimidation, violent persuasion, executions, and their kidnapping of peasant leaders in their effort to force people to join them through terror. The main characteristic of the Shining Path is the use of peasants as common fodder, so they deserve all the more to be repudiated, the president added.

Meanwhile, the police today confirmed nine other deaths attributed to the guerrillas, adding that the town of Toraya, 925 km southeast of Lima, was attacked 4 days ago by a group of 80 terrorists who killed 11 individuals, most of whom were leaders of the ruling APRA [American Popular Revolutionary Alliance] party. According to the police report, the terrorists, who were commanded by four women, fled from the town the night before the police troops arrived, but first set the town hall and post office on fire and looted some general stores.

The Civil Guard of Tingo Maria, 558 km northeast of Lima, have also reported that three terrorists yesterday shot the mayor of the town of Aucayacu Abraham Rodriguez Santos, an APRA party member. Another commando murdered Rafael Altamirano, an accountant from Daniel Alcides Carrion University in the city of Pasco, 317 km east of Lima. The guerrillas also killed Civil Guard Sergeant Noel Espinoza, his 17-year-old son, and a woman who was nearby in the town of Caimito, some 60 km from Tingo Maria.

According to the same report, another Shining Path group attacked the nearby town of Camoto, killing four people. In Monzon District, the terrorists attacked the Town Hall and the Education Ministry office with explosives. They also looked for Mayor Jorge Arcayo, but apparently he fled when the Shining Path terrorists arrived in town.

The Civil Guard reported that the terrorists also attacked the towns of Cachicoto, and Cuyacu, setting community buildings on fire, looting food stores, and frightening the peasants of this region near Tingo Maria. In Lima, the Antiterrorist Police confirmed the detention of Walter Essenwanger Sanchez, brother of General Ludwig Essenwanger, former chief of the Army Intelligence Service. According to the report, Walter Essenwanger apparently is an important Shining Path leader in charge of logistic supply operations for the guerrillas who carry out activities south of Lima.

DEBT REFINANCING CONTRACTS SIGNED IN NEW YORK

PA261843 Caracas Television Service in Spanish 1600 GMT 26 Feb 86

[Excerpt] The agreement on refinancing our foreign debt was signed in New York today. This marks one of the most important moments in our economic history. The government is thus culminating a process that lasted 3 years and that allows it to reorganize \$21 million in international commitments under favorable conditions and terms and in addition, with a contingency clause that it can resort to if fortuitous circumstances alter our economic system. Carlos Fernandez will give you the details from the site of the event:

[Begin relay] A few minutes ago, Finance Minister Manuel Azpurua, with other Venezuelan financial officials, signed the contracts for the refinancing of our public foreign debt that allow Venezuela to reorganize a \$21 billion debt. This ceremony was held at the Federal Reserve Bank offices in New York and is a significant action because we are the first country to reorganize payment terms without the direct or indirect intervention of the IMF, which the U.S. media says is a good omen.

According to the information given, Benito Raul Losada, president of the Venezuelan Central Bank; Jose Marcano, director of Public Finances; Carlos Guillermo Rangel, the negotiator of our foreign debt; and members of the delegation that accompanied him in the negotiations with private banks attended the signing of these agreements, of which there are 14. Of course, as we said in the beginning, the formal negotiation team was headed by Finance Minister Azpurua. The international financial sector was represented by several members of the Banking Advisory Committee. In addition, Azpurua and one representative of the creditors spoke at the ceremony. At the same time this protocolary event was underway, several presidents or representatives of state enterprises and autonomous agencies of our country were signing their refinancing contracts, but at the Chase Manhattan Bank headquarters. [end relay]

ABRAMS: REAGAN ADMINISTRATION OPPOSES OIL TAX

PA220529 Caracas Television Service in Spanish 1600 GMT 21 Feb 86

[Text] Elliott Abrams, U.S. assistant secretary of state for inter-American affairs, after meeting with President Jaime Lusinchi told newsmen at the presidential palace that the Reagan administration is opposed to the establishment of an oil tax, a measure that would affect Venezuela if approved. Abrams also said that the Reagan government coincides with President Lusinchi's opinion in this regard, adding that the tax will be studied by the U.S. Congress.

SALVADORAN VICE PRESIDENT MEETS LUSINCHI

PA231915 Caracas Television Service in Spanish 0000 GMT 22 Feb 86

[Text] Salvadoran Vice President Rodolfo Castillo Claramount has asked for Venezuela's cooperation in the draft resolution supporting his country's democratic government. It is a resolution that will be presented at the United Nations.

[Reporter Elsy Barroeta] President Lusinchi and the Salvadoran foreign minister [Castillo Claramount] discussed two topics during the meeting that they held at Miraflores Palace today. Contadora was one of these topics and the other was human rights.

In this regard, the Salvadoran foreign minister suggested to the president the idea that Venezuela cosponsor, with Costa Rica, a resolution to be presented at the current human rights meeting being held by the United Nations in Geneva.

He implied that in this resolution Venezuela and Costa Rica would support the democratic situation in El Salvador and its status as having a legitimately elected government.

[Begin Castillo Claramount recording] We need to overcome this situation because the Salvadoran people and the government of President Duarte do not deserve such treatment. [Duarte's government] is a government elected legitimately, freely, and popularly and it is making a remarkable effort to democratize Salvadoran society in an extremely difficult situation. It is a situation that Venezuela has experienced in its time and it was able to build a democratic society. [end recording]

[Barroeta] Regarding El Salvador, he stressed to Lusinchi his country's stand concerning its support for the Contadora peace efforts.

OAS SECRETARY GENERAL MEETS WITH PRESIDENT

PA260314 Caracas Television Service in Spanish 0000 GMT 26 Feb 86

[Text] OAS Secretary General Joao Baena Soares today talked with Venezuelan President Jaime Lusinchi regarding the organization's plans and its reaffirmation as a regional forum. The following is a report by Elsy Barroeta:

[Begin recording] The meeting between President Lusinchi and OAS Secretary General Joao Baena Soares took place in the president's office at Miraflores Palace.

They discussed various subjects, especially the efforts the OAS is making for the good of the peoples on the American continent.

Following the meeting, the OAS secretary general talked to the reporters who were waiting in the halls of the palace. He said that he was very pleased with his talks with the Venezuelan president and added that in the next few days, specifically tomorrow, he will travel to Antigua and later to Brazil where he will attend the meeting of the Inter-American Press Association.

Regarding the situation in Haiti, Baena Soares said that he will follow the situation through the OAS and will also follow up on the humanitarian aid they may need.
[end recording]

SILVA HERZOG VISITS U.S. TO DISCUSS FOREIGN DEBT

Negotiations 'Complex'

PA251409 Mexico City XHDF Television Network in Spanish 0300 GMT 25 Feb 86

[Text] Finance and Public Credit Secretary Jesus Silva Herzog has stated that the negotiation of the Mexican foreign debt will be difficult and complex. He is in Washington today. Here we have a report by Claudio Guzman:

[Begin recording] In Washington today, Mexico began the negotiations, which are expected to be difficult and complex, to thoroughly reorganize the service of our country's foreign debt, which amounts to \$96 billion. A Mexican delegation began its work with the U.S. Treasury Department this afternoon. This delegation is headed by Finance Secretary Jesus Silva Herzog and is made up of Miguel Mancera Aguayo, director of the Bank of Mexico, and Jose Angel Burrilla, credit director.

Profound interest in Friday's speech by Mexican President Miguel de la Madrid was expressed in Washington D.C. The speech was described as the right program for economic stabilization. Official sources of the Treasury Department said they trust that Mexico's stabilization program will be implemented immediately in order to solve the most critical problems. The Mexican delegation said that it will take time to obtain specific results in the negotiations that began today.

Silva Herzog and Mancera Aguayo will point to the need for the international banks to participate in the adjustment of international finances and to make sacrifices because they are coresponsible for the foreign debt problem. It is a problem that represents \$370 billion in Latin America and \$800 billion in the developing world. The negotiations will be based on the following points: the adjustment of the service of the debt to the country's real capacity for payment, efficient mechanisms for financing and the reduction of its cost, the opening of markets that allow us to export, and the right international climate for cooperation among nations.

After the negotiations conclude in the United States, Silva Herzog will go to Punta del Este, Uruguay, to participate in the ministerial meeting of the Cartagena Consensus, which is made up of 11 debtor countries of this continent. The meeting will be held on 27 and 28 February. [end recording]

Discussions With Officials

FL251534 Mexico City NOTIMEX in Spanish 0342 GMT 25 Feb 86

[By Jose Carreno]

[Excerpts] Washington, 24 Feb (NOTIMEX) -- Mexican Finance and Public Credit Secretary Jesus Silva Herzog began discussions today with U.S. officials to present the new panorama on Mexico's foreign debt crisis, said Silva Herzog's spokesman. Silva Herzog met this afternoon for approximately 2 hours with U.S. Treasury Secretary James Baker and Federal Reserve (the Bank of Mexico counterpart) President Paul Volcker.

Resendiz told NOTIMEX that this is a new situation and immediate responses should not be expected since this involves a long, difficult, and complex negotiation process.

Silva Herzog will meet on Tuesday with officials from the IMF, World Bank, and Mexican Embassy. Resendiz said that a meeting with Secretary of State George Shultz has not been decided.

Optimistic About Renegotiation

FL262223 Mexico City NOTIMEX Spanish 2035 GMT 26 Feb 86

[By Roberto Gonzalez, correspondent]

[Excerpts] Mexico City 26 Feb, (NOTIMEX) -- Shortly before returning to Washington, Mexican Secretary of Finance and Public Credit Jesus Silva Herzog said renegotiation of Mexico's foreign debt under new conditions is going well. After meeting with New York bank officials, Silva Herzog said he was optimistic because of the sensibility the international finance world has shown toward Mexico's economic problems.

Immediately after he met with the banks committee, Silva Herzog returned to Washington, where he is scheduled to meet today with IMF Managing Director Jacques Larosiere, and will hold a third meeting with U.S. Treasurer James A. Baker. Silva Herzog said: I am optimistic. Tomorrow he will be in Punta del Este, Uruguay to attend a Cartagena Accord meeting. The Cartagena Accord groups 11 indebted Latin American countries. Likewise, the finance secretary asserted that after leaving Uruguay, he will return to Mexico City and report to President Miguel de la Madrid and next Monday will return to New York to continue negotiations with creditor banks.

PRESIDENT SAYS COUNTRY TO FULFILL DEBT PLEDGES

PA260311 Mexico City XHDF Television Network in Spanish 1955 GMT 25 Feb 86

[Text] President Miguel de la Madrid asserted that Mexico cannot be considered an irresponsible country because it does not evade the fulfillment of its pledges. Today the president of the Republic inaugurated the annual National Association of the Processing Industry, Canacintra assembly.

[Begin Humberto Mares Navarro recording] We are not an irresponsible nation and we are not asking other nations to pay our debt; Mexico will fulfill its pledges as it has done thus far, it was asserted this morning by President Miguel de la Madrid. The president added: It is not just to despise what the Mexicans have achieved through their efforts and work. Consequently, he said, I will not let others judge us as an irresponsible nation. President Miguel de la Madrid asserted this when inaugurating the annual Canacintra assembly. He said that Mexico does not evade its pledges, but it is necessary that our internal efforts be met by the international economic community with a realistic, objective, and equitable view of the situation.

In addition, Commerce and Industrial Development Secretary Hector Hernandez Cervantes asserted the federal government's willingness to support companies that reinvest their profits.

Later, the president presided over the ceremony to bid farewell to Ambassador Rafael de la Colina, who dedicated 68 years of his life to the Mexican foreign service. President Miguel de la Madrid said at the National Palace that the Mexicans reasserted their unity against any intervention, and we will not give up our sovereignty, independence, or identity because of the current situation and its challenges.

He said: We will not lose our country's historical vision of safeguarding our sovereignty and free determination even during difficult times, because they are our most valuable possessions. [end recording]

EXCELSIOR ON GRENADA INVASION, REAGAN VISIT

PA261535 Mexico City EXCELSIOR in Spanish 24 Feb 86 pp 1-A, 14-A, 36-A

["Time and World" column by Djuka Julius: "Mockery"]

[Excerpts] The hero's welcome prepared several days ago in Grenada for President Reagan, the man who decided to intervene militarily in that small Caribbean island a little over 2 years ago, was an attempt to legitimize and sanction the U.S. armed intervention and warn "whom it may concern" that Washington reserves the right to continue intervening militarily in the hemisphere and outside of it whenever it finds that this is vital to its interest. Thus, the visit to Grenada mocked the sacred right to non-intervention, the only weapon possessed by the weak of this era and the world. The show would be complete if Soviet leader Mikhail Gorbachev were to visit the Afghan capital of Kabul in the near future, also to be received with a hero's welcome.

The fact that the English-speaking Caribbean leaders who accompanied Reagan during his visit to St. George's only 2 days ago asked him to intervene in Grenada does not alter the essence of the intervention, but only its shape, giving it a dubious multilateralized political hue. The whole world knows that it was a preplanned U.S. military intervention that bore little or no relation to the request of the English-speaking Caribbean heads of state, with the exception of those of Trinidad and Tobago, Guyana, and Belize. The Latin American community must be even more concerned over the fact that President Reagan's visit to Grenada, which is still partially occupied, was a symbol and reaffirmation of his determination to use force whenever he finds that this suits the United States' interests.

Leaving the statements by the Grenadian hosts and the American president aside for a moment -- though lessons can also be extracted from these -- the objective political aim of Reagan's lightning visit to Grenada is to reaffirm armed intervention as a recourse of U.S. strategy. This naturally tends to encourage the other superpower and even medium-size powers to use military intervention as a tool to advance their interests.

If the international community, beginning with the small, weak, and threatened nations, does not emphatically oppose this growing tendency to legitimize or at least excuse the recurring practice of using military force to intervene in the domestic affairs of states, international law will be weaker every day and the law of the jungle will prevail in the world.

Despite the facts that the regime established in Grenada did not withdraw from the Non-aligned Movement, that the Grenada Government is a protege of the United States, and that the Grenadians apparently support the new democracy-oriented regime and the current government there, it would be extremely dangerous if on account of that the origin of the change were forgotten: a U.S. military intervention. It would naturally be worse if the Grenada invasion had after effects and the United States, because the invasion was followed by silence and forgetting, came to the conclusion that this method is permissible, feasible, and adequate.

President Reagan himself, during his speech in St. George's, in the presence of most of the leaders of the English-speaking Caribbean referred several times to the need to use all of the United States' power to guarantee that all of the Latin American and Caribbean nations will have democratic governments; that is, that those which are not democratic in the eyes of the United States will be changed.

In the same vein, the many U.S. interventions in Central America, whether direct, indirect, or veiled, are also carried out in the name of freedom and democracy. They are supposedly aimed at protecting this area of great strategic value for the United States from subversion, aggression, or the penetration of communism, of Cuba, and of the Soviet Union. Reagan said in Grenada that he does not plan to invade Nicaragua and that he never had such plans, but at the same time he asked for \$100 million to help the "contras." Meanwhile, his closest aides explain that this indirect intervention -- the support to the counterrevolutionaries (called "freedom fighters") -- and the U.S. economic, political, and diplomatic pressure will be enough to destroy the Sandinist revolution and regime.

In other words, Washington verbally applauds Contadora's peace and mediation efforts, but in reality it carries out a policy of strong threats, pressure, and indirect military intervention against Nicaragua. This is accompanied by a massive military presence in Honduras and an almost direct armed intervention in El Salvador.

Those who justify or excuse any armed intervention regardless of who carries it out are making a terrible mistake! As we have seen, foreign interventions are always explained and justified by some "high" reason. Nevertheless, interventions cannot be good or bad, acceptable or condemnable in accordance with the viewpoint or interest of those judging them. Foreign armed interventions of any ideology are without any exception unjustified and contemptible under each and every circumstance!

The legalization or glorification of intervention, as was attempted in Grenada, is not only a mockery of international law but a dangerous precedent and a permanent and increasing threat to weak countries and peoples. All the governments from one or the other side which, because of their ties and commitments to one of the superpowers, voted in the United Nations in favor of some foreign military intervention, made a serious mistake. With that vote, they are justifying any future armed intervention by one or another power under some pretext which could threaten them directly or indirectly.

There is no doubt that the intervention in Afghanistan facilitated, at least politically and psychologically, the intervention in Grenada. The concentric circles of an intervention pave the way for other interventions. They also increase the dangers. The intervention of Grenada today threatens Nicaragua. Not only does it threaten that besieged country but perhaps our entire region.

One must ask: Why was it that only a few days ago, the current Grenadian Government, alleging financial difficulties, announced that it was withdrawing from the Tlatelolco Treaty, a report that we exclusively published? Is it that the modern Point Salinas Airport, now with new owners and possible users, might be used for objectives that are contrary to what is stipulated in the pact that established the first nuclear weapon free zone in Latin America and the Caribbean?

The consequences of foreign military intervention are without exception unfortunate. We cannot permit a mockery of the principle of nonintervention, which is the only effective protection of the weak.

COSTA RICAMONGE CLARIFIES REASON FOR SHLAUDEMANN VISIT

PA260420 San Jose Radio Reloj in Spanish 0100 GMT 26 Feb 86

[Excerpt] President Luis Alberto Monge has issued a written statement in which he notes that the purpose of the visit by U.S. roving ambassador Harry Shlaudemann is to report on his talks with the heads of state of Argentina, Uruguay, Peru, and Colombia.

[Words indistinct] Ambassador Shlaudemann frequently visits our country and has always kept us abreast of the efforts he makes to fulfill missions entrusted to him by President Ronald Reagan in his capacity as U.S. roving ambassador for problems in Central America, the communique says.

The statement issued by the president of the Republic blames the Costa Rican press for making contradictory interpretations of the interview granted by the Costa Rican president-elect [Oscar Arias] to a U.S. television program. It is evident that emphasis has been placed on a single point of disagreement on how to curb the expansion of Marxism-Leninism and to promote the democratization of Central America, specifically in Nicaragua, the communique adds.

Further on, it notes that some of the interpretations omit concepts that clearly agree with the objectives pursued by the United States and the other four democratic nations in Central America with regard to peace and democracy. Monge states in his written statements that Costa Rica cannot conceivably be separated from President Reagan's sincere efforts to achieve national reconciliation in Nicaragua and adds that we harbor no doubts whatsoever about the honesty with which Reagan defines the institution of free elections in our countries.

In addition, he notes that Costa Rica cannot be conceived as being separated from efforts to hold truly free and honest elections and to set into motion, as is already the case in Honduras, El Salvador, and Guatemala, a democratization process in Nicaragua.

After stressing that President Reagan's behavior in relation to the fraudulent elections in the Philippines is additional and categorical proof of the good faith with which he acts in these controversial [word indistinct], President Monge added that Costa Rica feels only gratitude toward the U.S. President.

Referring to the visit by U.S. roving ambassador Shlaudemann, the communique concludes by stating that this gratitude stems from the candid and open solidarity as well as firm support which he has given to democracy and peace in Costa Rica.

PRESIDENT-ELECT TO VISIT COLOMBIA, VENEZUELA

PA252024 San Jose Radio Impacto in Spanish 1830 GMT 25 Feb 86

[Report by Jorge Hernandez from the office of President-elect Oscar Arias Sanchez in San Jose -- live relay]

[Excerpts] The meeting the president-elect was holding with the future deputies who will make up the National Liberation Party [PLN] faction at the congress to be installed on 1 May concluded a few minutes ago.

At the end of the meeting, the president-elect referred to the arrival of Rafael Angel Calderon Fournier, former candidate of the Social Christian Unity Party, and noted that he is always willing to hold fraternal talks with his former rival, putting aside any selfishness and all the statements they made during the recent electoral campaign in which Calderon Fournier was defeated for the second time.

He said that in this regard he doesn't have the time to hold a dialogue right now, as he is very busy this week, as well as next Sunday and Monday. On Sunday and Monday he will be going to Venezuela and Colombia where he will talk with the leaders of those nations. However, he said that he is always willing to talk with his former rival, putting differences aside in order to work together for the country's welfare.

Arias Sanchez also emphasized that today's meeting and the drafting of a regulation will help keep good relations between the PLN faction and the executive branch for the next 4 years.

The president-elect also commented on his meeting this morning with Harry Shlaudemann, the U.S. roving ambassador. He noted that they discussed certain aspects of foreign policy and he also referred to his comment about his position regarding the financial aid that the U.S. Government might give to anti-Sandinist counterrevolutionaries.

Regarding this, he said that his position is not offensive to President Ronald Reagan's policy on aid to the counterrevolutionaries. He said he is always willing to work for peace and that he agrees with all the Latin American and European leaders that it is more feasible to try to reach a peaceful settlement in Nicaragua rather than an armed solution.

Arias Sanchez confirmed that he will officially announce the names of the ministers who will join him in the next administration at the Coribici Hotel at 1000 on Thursday.

On Saturday, [corrects himself] on Sunday, he will leave for Venezuela, where he will meet with President Jaime Lusinchi. On Tuesday, 4 March, he will talk with President Belisario Betancur in Colombia. He will then return to the country and his main task will be to hold another meeting with PLN deputies in order to choose, once and for all, the leader and assistant leader of the PLN faction.

From the meeting with Shlaudemann, it was clearly settled that the future foreign minister will be Rodrigo Madrigal Nieto, as this station reported on the same day on which Arias Sanchez was elected on 2 February.

ARIAS' ENVOY TO CONTADORA PRAISES GROUP'S EFFORTS

PA251822 San Jose LA PRENSA LIBRE in Spanish 17 Feb 86 p 7

[Text] Jorge Urbina traveled to Panama as the envoy of President-elect Oscar Arias Sanchez to observe the meeting of the Contadora Group in that city.

Before leaving, Urbina said that the Monge administration -- like other governments -- at one point in time indeed believed that the Contadora Group's efforts had collapsed. However, faith in the group has prevailed because "Costa Ricans believe that the only way to resolve the area conflict is through a political solution."

Regarding Costa Rica's involvement with the group's work, he said: It was important from the beginning in various actions adopted by the Monge administration. I believe this will continue into the Arias Sanchez government.

"National reconciliation and democratization have been the main focus of Costa Rican actions; those and respect for human rights," he remarked, adding that they will probably remain so because they support the position that attempts to find a solution through dialogue and understanding instead of violence.

Regarding Contadora's Support Group -- made up of Peru, Brazil, Argentina, and Uruguay -- Urbina indicated that this group increases the spirit of Latin American unity and that it has reaffirmed the possibility of reaching a solution through goodwill.

He believes that Contadora still has many obstacles ahead and that it must attempt to sponsor a meeting with the Cuban and Nicaraguan Governments, as it recently did with the United States through the mediation of Secretary of State George Shultz. He described that meeting as "very positive."

The Contadora Group should discuss with those governments the establishment of a policy that will take Central America out of the East-West conflict and out of the confrontation between democracy and communism, and ask them to make possible a process of democratization "that should end with the establishment of governments chosen by the free wills of the Central American peoples and all those peoples who want to live and progress in peace."

He added that a solution will probably be reached as soon as the FSLN party allows freedoms for other groups in Nicaragua, opens some forum at which Nicaraguans can discuss their problems and choose a government that is legitimate, and lays down its weapons.

He added: "If the Nicaraguan Government agrees to this and allows free political competition, I am certain that the Contadora Group, enriched by the Support Group, could also contact the United States."

If the Nicaraguan and Cuban Governments make concrete commitments, Contadora will be able to speak with much more authority before the U.S. Congress so that it will promote and support actions for peace and not increase military tension, as is the case at this time.

Regarding the Reagan administration's assistance to the Nicaraguan rebels, Urbina said: "All the actions that increase military tension are negative." The fact that they are right does not mean that they are contributing to peace in the area.

Urbina, who is the former deputy foreign minister, was appointed as the representative of the new Arias Sanchez administration.

He said his mission will be to report to the president-elect on the Contadora meeting and assure [that group] of Costa Rica's continued participation in its negotiations.

U.S. ENGINEERS ARRIVE FOR TRANSPORTATION PROJECT

PA242245 San Jose Radio Impacto in Spanish 1830 GMT 24 Feb 86

[Text] Fifty U.S. military engineers arrived in San Jose today from Howard Air Force Base in Panama to carry out the construction and repair of bridges in the country's south.

The contingent, part of 170 expected in the next few days, landed at 1050 local time at the Juan Santamaria International Airport. After leaving a U.S. Air Force aircraft, the engineers boarded two U.S. helicopters waiting for them on the runway and were immediately flown to the country's south. The U.S. engineers have come to Costa Rica at the request of the government headed by Luis Alberto Monge. They will work on transportation projects in an agricultural area near the border with Panama. The engineers will be based in Quepos, on the Pacific coast.

The project has been named Bridge of Peace 1986 [Puente de Paz 1986] and will consist of the construction of a bridge and the repair of three others on various highways of the Parrita-Dominical agricultural and livestock area, 100 km from Panama.

Costa Rican Foreign Minister Carlos Jose Gutierrez said that the engineers will work only on civil projects and that their security has been entrusted to the Civil Guard. The minister stressed that the engineers are unarmed and that their activities will be civilian only.

EL SALVADOR

DUARTE DISCUSSES ECONOMIC MEASURES, REBELS

PA262322 San Salvador Domestic Service in Spanish 1800 GMT 26 Feb 86

[Press conference with President Jose Napoleon Duarte by foreign and domestic journalists in San Salvador -- live]

[Excerpts] [Duarte] [Words indistinct] explain my viewpoints, my position, and my actions. Within this framework, I have always tried to answer your questions. We will do that now as well [words indistinct].

[Moderator] [Words indistinct] before the first question, I would like to request that all questions in Spanish be made first, please.

[Unidentified reporter] Mr President, I hope that my question will not anger you. However, many governments facing problems that can lead to a crisis solve those problems first, and then go on to solve other problems. Your government, unfortunately, gives the impression of accumulating problems one by one [words indistinct] hindering the good work of your government. Can you tell us whether this impression is true and, if so, what is the reason?

[Duarte] I think that from the viewpoint of what we want to accomplish in our country the impression is wrong. I believe that each government action [words indistinct] politics is measured according to the political space in the country. Within that political space. [words indistinct]. That is why I have dedicated efforts to face a serious crisis that we cannot ignore: the economic crisis.

Of course, an economic crisis of the magnitude facing the country, which is affected by changes in the exchange value of essential products such as petroleum, medicine, fertilizers, foods in general, all essential goods, definitely affects many sectors [words indistinct] sectors that will only focus on the immediate effects. They ignore the long-term effects brought about by the measures.

I am constantly listening to people who wish to provide me with information regarding distortions that measures could have brought about. I will give you an example. Yesterday, we noticed that in the [word indistinct] system that was approved not by us, but by all of Central America -- and which was ratified in the treaty and therefore is a law in the Republic, there are groups of products that include many different goods.

Among those groups of products there are some goods that should not enter the country because they are (?luxury products) and, unfortunately, others in the same groups essential to the country such as raw materials. It happens that when conditions are established for those groups, luxury as well as primary products are affected. Yesterday, we were seeking a way to counter this because we are not trying to adversely affect national industry. Quite the contrary, we are trying to support it.

[Contreras] Armando Contreras of the newspaper EL MUNDO. Mr President, yesterday we were invited to a press conference by the National Union of Salvadoran Workers to discuss what is considered a slander campaign promoted by the government which is linking the union to radical organizations. During the press conference we asked a union leader why the union no longer supports you. I remember that the government once boasted that it had the support of the union's 415,000 members. The workers claim that they were not obligated to any political party only to a government program, but that you had betrayed the program because have you never taken an action leading to peace. What is your reply to them?

[Duarte] My reply could be similar to what they have done. However, I do not think this is the time to show resentment. Let us say something that will benefit the country. I do not think anyone ignores the fact that, in the organized labor and peasant sectors, there have been divisions. There are sectors supporting the government -- the ones that originally signed the [word indistinct] -- and there are sectors not supporting the government and clashing with the other worker groups. [Passage indistinct]

The government has no intention of meddling in the internal affairs of these groups because we would be running into problems. Each organization would like to have the government's support in order to subdue the other group. I will not do this. I will not support any specific group because I do not wish to meddle in the unions' freedom to organize and their democratic rights. Therefore, I respect the right to make a decision by those that did not agree with the government and left. That is their right. They have done what they wanted; they will probably be in a position to criticize the government, which will continue to defend their right to freedom.

The government will try to solve the problems it has agreed to handle. We promise to carry out the fundamental principles of the social agreement. This is what we are doing. I have been constantly struggling to obtain peace. I have even discussed the issue with the guerrillas. Remember that we have had several meetings with them in an attempt to seek peace. We have made a big effort in the country to prevent the abuse of power of any kind. This has been building confidence among various sectors in order to reduce pressures and strengthen peace. Peace cannot be achieved if all sectors do not agree to have peace. We should not think that we are going to have peace just by holding dialogues. It is an instrument but not a solution for peace. The solution rests on the people's political will to put hatred out of their minds and hearts and to be tolerant and understanding. Without tolerance and understanding we will never have peace. This implies an obligation from all sectors from the extreme right to the extreme left. I am working on this.

The social agreement implies a strengthening of the effort to help the peasants and we are doing this. As a matter of fact, during this economic reactivation and economic readjustment period, we have tried to improve the peasants' situation. If I give you figures you will see that prices supported by the Institute of Supply Regulation [IRA] are way above what they once were. This means that the peasants will obtain more money for their products. We have increased the wages of peasants who had not had a wage increase on their minimum wage scale for the past 5 or 6 years from 4.50 to 8 colones.

We have continued the land distribution process. We have distributed some 6,000 parcels, and we plan to deliver 6,000 more. Therefore, we are working on the things contained in the social agreement that we consider important. I am committed to making these efforts, which I will continue to do.

What is happening is that some become impatient and want things done overnight. We must realize that in the crisis we are experiencing, we cannot achieve things overnight. The means we have are limited; therefore, we must work based on the limited resources we have and think how we are going to reactivate the country and correct the mistakes.

The measures we have taken are not new. From the economic viewpoint we must remember that in 1980, we implemented the parallel market measures, and we began to place some products on the parallel market, because the problem already existed and we had to correct it.

At a time when the crisis is getting worse, we have to take measures before it becomes more complicated. I said this during the campaign, and it is part of the fundamental concept of the social pact. I said that we had to make amendments to our economy and that we had to draft a plan that would gradually make this possible. This meant that we had to make changes gradually, and that is what we are doing now. Taking one measure after another to put our economy on a good footing.

Ours is a subsidized economy, a consumer economy, an economy which has many Gordian knots in its productive system which we have to correct and which we have to solve in order to produce more and better.

Ours is an economy based on basic agricultural products which have lost their value. Ours is fundamentally a trade economy, an economy of local trade and not of exports. We have to correct all these things, but we cannot do this overnight. The measures we have implemented are part of those commitments. Remember that I made a series of speeches on the economy during my campaign. Remember that I once talked about what is known as the war economy. I also talked about the need to make economic changes, about the economic process. I talked about these things during the campaign. These were the things I told the people that we had to do.

In general terms, the sectors that have separated from the other groups have misinterpreted things. There has been a division among them, some groups no longer support the government, others still do. Even some which are not in line with the government are supporting the government's economic measures. We also have the support of people who have realized that whatever is the country's program, there has to be an authority in order to go ahead with the measures that are not easy to take, but are indispensable. If we do not take them, we are going to suffer the consequences later on. I think that many sectors understand this, there are other views. It is easier to protest and to criticize. I think we are making a great effort on behalf of the country to fulfill the commitment I reached with the people and which I called a social pact.

[Beltran] I am Raul Beltran of UPI. Mr President, according to an announcement of the Association of Salvadoran Coffee Producers, they have issued a communique in the past few hours asking you to give the names of civilians and military personnel linked or involved in a plot to carry out a coup d'etat. My next question is, on the sixth anniversary of the assassination of Msgr Oscar Arnulfo Romero, how far has your government gone in the investigations and in bringing to justice those responsible for this crime?

[Duarte] In the first place, as head of state I do not have to answer to sectors that have acted in such a disrespectful manner as the members of the Coffee Association.

They have issued other communiques along the same line. Some have been addressed to the Armed Forces, demanding them to take actions to clear themselves, and if they do not, it is probably because they were going to go ahead with a coup. [sentence as heard] As president of the Republic I cannot take part in such a dirty trick [jugueta]. That is my reply.

Regarding the second point, the one about Monsignor Romero, I would like to tell you that we have continued the investigation. There is a commission, which has been comprised and trained to do this, and it has carried out new investigations. These new investigations include statements from important persons, including some members of the church who have some information about the issue; they have already presented their declarations to the attorney general of the Republic. Some progress has been achieved in this regard and the commission is following some other clues. We are currently trying to find out about some persons who apparently live in the United States and have some information regarding this. We are looking for them to see if they can give us some information.

In addition -- and I think that you know about this -- the reporter who took some pictures at the church on the day that monsignor died has issued additional declarations, which he did not give at the time of the interview. The reporter was questioned at the time, and he issued a series of statements, which have been duly notarized. First, he issued a statement at the legal aid office and then at the attorney general's office to the commission that was comprised for this case. In the statement, he mentions names and details. However, he has apparently left the country; he is abroad. He left immediately after issuing his declaration because I imagine he was afraid of what he had reported and he [words indistinct]. Consequently, we will continue to gather information for the investigation.

[Moderator] President Duarte, reporter Ismenio Ibarra, from UNIMEX.

[Ibarra] Mr President, I have two questions. The first question refers to the demonstration which was carried out the other day. It was stated that they presented an 11-point proposal and gave you 8 days to answer the proposal. What will be your reply to the demonstrators? The second question refers to this: Radio Venceremos has issued a communique stating that they are going to break the agreement they have had with you since Panama. What can you tell us about this?

[Duarte] First, I want to tell you that the sectors which have presented [words indistinct] a letter are obviously justifying a negative reply because they are requesting the following: The request, ah....

[Question indistinct, interrupting]

[Duarte] What do they request in the letter? They request that we eliminate [corrects himself] that we repeal all the economic measures. This means we must return to the 2.50 colones for a dollar exchange rate; this means there would be no money, not even to pay the coffee producers for their coffee. There would be absolutely no money. They also demand a general salary increase; therefore [changes thought] we have already done so. We have paid [changes thought] we have already granted a salary increase, but they apparently want to use this to give the labor sector a basis for demanding increases that cannot be approved because they cannot be paid. The third [as heard] one is that the state should absorb the debts of all the small and medium-sized cooperatives and companies. If the state absorbs this it means that the people will absorb this because the state is independent; it lives on what the people pay in taxes.

This would be equivalent to taking the debt and transferring it from one side to another. If the people are willing to pay 800 million colones in debts and accept the taxes for paying this, you can imagine what impact this would have. Therefore, they do not seek to solve the problem; they seek to worsen it.

In addition, they said that the development bank should continue to supply raw materials at the old prices. Please bear in mind that these materials are purchased in dollars and therefore should be paid in dollars. They think that the price of all the materials should be cut; this would mean that the state and the Development Bank would lose 200 million colones. Who would pay for this? Where would this money come from? This means that the bank would go bankrupt.

In addition, they say that [words indistinct] with an additional 25 percent increase. This means that the IRA would have to subsidize [changes thought] if the IRA buys at 31.50 [currency not specified] and sells at 27.00 it is actually subsidizing everything because it must also include its own expenses. If you add to this the price of all the materials, then the subsidies would be even more. The IRA is already costing the government around 50 million in subsidies, so this would represent an additional 100 million colones. Consequently, we are talking about approximately 2 billion colones, and we are only including this sector. The state would have to take the 2 billion colones from the nation's general budget; that would mean duplicating the nation's budget. Consequently, the reply is obviously negative. One cannot [changes thought] no country in the world can possibly exist like this.

They have their reasons for wanting to do this, for proposing this. It is easy to see and ascertain what is behind their proposals. It is easy to create enthusiasm and destabilization through such an event. Since they do not aim to attain benefits for the working classes, there is your answer. They seek to destabilize the country, and the government cannot possibly accept this. If only I could give a better income to the workers and peasants. The people do not doubt that I have always worked and tried to help the workers and peasants in the best possible way; however, this must be done within the norms to maintain stability in the country [words indistinct] the country's economy. Who would benefit from the country's collapse? The extremists would obviously benefit from this. Consequently, they only aim to provoke a political instability because they do not want democracy for our country. They are seeking to destabilize our democracy through every possible means, and this is precisely your second question.

Your second question states that the terrorists have said that they will break the agreement concerning the issue of relatives. I remember that when [changes thought] one day we were at the airport and you all were there. I think even Roberto [not further identified] was there so he will not let me lie to you. Everyone was there for the funerals and the moving of the four marines from the Zona Rosa. While we were there I was asked some questions, and I said there was a clear, specific, and confirmed threat that the terrorists had prepared a plan to kidnap one of my children. You published this, and I also told Monsignor Rivera y Damas.

Monsignor Rivera y Damas held a meeting with the terrorists, and they swore this was false and that they were not going to kidnap one of my relatives or one of my children. Exactly 8 days after the meeting, they kidnapped Ines Guadalupe before making a second [corrects himself] a first attack, which was [words indistinct] in a restaurant. Therefore, they lie, and since they lie I think it is obvious that they are preparing another kidnapping of a relative. That is why they are saying these things. This is part of the scheme they are dedicated to: pure terrorism.

They are no longer efficient, the people have rejected them and, therefore, they resort to terrorist actions to impress and impact upon the world, to be in the news. Of course, kidnapping a relative of a personality, or that of the president, a minister, or a member of the military would constitute news. Therefore, this is part of a destabilization and terrorist plot.

They have never fulfilled their promises. Look at what happened in Tenancingo; ask the monsignor. He will tell you how those men who said they would not be there are actually there permanently and hold press conferences. You yourselves have held press conferences with the guerrillas in Tenancingo which Monsignor Rivera y Damas himself opposed. They do not heed orders; they do not respect anything. Note that on the day we turned over prisoners who had been in jail in exchange for Ines Guadalupe, there were no troops in Tenancingo. However, guerrillas were present in Tenancingo. Why? Because they do not heed orders, and they do not fulfill commitments. This is normal for them. Therefore, I am not surprised that they are assuming that attitude, because it is part of the press scheme they have tried to project to the entire country.

[Moderator] Mr President, the next questioner is reporter Carlos Rosas Gaitan from the communicators center.

[Rosas] Mr President, during the press conference we have heard about your economic project and the situation in the country. You have said that leftist as well as ultra-rightist groups are attacking your project and destabilizing your government. What will your government do regarding these people who are implementing this scheme and behaving in this way because they are destabilizing your government and opposing your economic package? What will you do as the elected president of this country?

[Duarte] In fact, this is the main issue of the great crisis that prevails in every sector of the country. As our main goal I have established that the country should live in democracy and attain the levels of coexistence and understanding that are necessary to achieve peace. These are the two great factors a journalist was asking about when referring to the problem of those who disagree with what I say. These are the two main factors. Of course, there have been people who whispered in my ear that I should repress them, that I should take action against them. They ask: Why do you let them insult you so often in the newspapers? Why do you allow them so much disrespect? I think the first example to be given in a democratic process should come from the president who must clearly understand the meaning of harmony and tolerance, not of weakness.

In other words, if one loses sight of one's goals and becomes angry, or if one loses control and adopts certain actions this can distort the scheme of things and the final goal; that is, democracy and the search for peace. Consequently, if some sectors want to issue a statement -- and they have a right to do so -- against the government I must act accordingly and accept their right. However, the other sectors must also bear in mind that I also have a right to state my own opinion, and no one has the right to silence my opinion if it contradicts that of the other sectors. This is the first reply I can give you regarding respect for others opinion and freedom of expression, which must be maintained as a fundamental principle of democracy.

The second point is: What happens if these people's efforts go beyond issuing a statement or voicing an opinion against the government and they carry out destabilizing actions? Ah, my duty would be to first learn about the phenomenon; second, report this to the people. A few moments ago, you were mentioning a coup d'etat and all of those things. Obviously, I must immediately tell the people what the problem is so that they are aware of it, given that their participation is also important in a democracy. Consequently, the people should know what is happening in the country and that is what [passage indistinct] destabilize the process with their actions.

The third point is when they want to carry out specific actions. This would involve criminal actions and we would have to act accordingly. Consequently, we must be aware of the three levels that prevail in a legal state and act accordingly. I think we have not yet surpassed the first level; therefore, this is where I must be very understanding and accept the democratic process, accept criticism, and work so that this phenomenon of opinions is countered with other opinions. That is why I am struggling to carry my message to the people so that they are not misled. I have asked the news media to be truthful, to avoid giving information that is untrue, to avoid provoking a destabilization process by issuing statements or publications that might provoke further destabilization.

Therefore, this is my job and I am performing it with many sacrifices because it is undoubtedly very difficult and sad to think that one is working for the country, exerting oneself to the utmost, and taking risks that involve having people who do not understand you even though one knows that sooner or later if one does not adopt the necessary measures or sacrifices oneself even more this might end by turning over power to the extreme left and installing a totalitarian dictatorship in the country. All of those who have something to lose do not want to contribute or help in any way to safeguard their own things. If leftist totalitarianism is installed in the country they will have to live in Miami or go somewhere else because they cannot live here; they will lose everything.

I advocate the belief that we should all have the opportunity to live in this country; that those who have something to lose should defend it; those who have enough should share it and participate in the process; those who have nothing should feel that the country is giving them the opportunity to have something; those who feel hate and are living in the mountains should feel that we have democracy in the country and that they can freely voice their opinions, live in this society, achieve their goals, and even attain political positions through a democratic process.

This is democracy, and I feel this is not only a theory. For this reason, I have had to be understanding and tolerant to lead the country in this process. It is necessary to cope with the situations as they appear. This even includes the many things that some want to discuss at once. In truth, we should be consistent and deal with each situation one at a time. This my answer to your question.

[Moderator] President Duarte, I now invite Cristina (?Hasburis) de Medina from AFP.

[Medina] Mr President, a few moments ago you mentioned dialogue as an instrument for attaining peace. Yet you have also said that the guerrillas are not willing to hold this dialogue. My question is this: Under the current circumstances, do you plan to propose a meeting with the guerrilla leaders, including a specific place and date for this dialogue, or do you expect short-term military victory?

[Duarte] Neither. One thing at a time. Regarding the space that we mentioned at the beginning, when Vasquez of EFE asked me, I said that I felt we should open a space and try to deal with and solve one of the problems. I opened a political space, and dialogue is included in this space; namely, La Palma and Ayagualo. All terrorist sectors were mistaken and did not understand how far the country would go. They tried to strain the space by making demands such as the one I have just mentioned.

In this framework, they continued to demand all of the things that the country as a nation cannot accept and that the Constitution forbids. For this reason, and as long as they keep this stance, it is not possible to formulate a plan in this direction. This would oppose the Constitution and the *raison d'etre* of democracy. We would simply hand over power to those who want to attain it through force. This does not mean, however, that dialogue does not continue to be a valid instrument. It is still valid. Again, we must seek a space in which we can hold a dialogue.

As you will surely understand and, as Vasquez of EFE told me, I would say at this moment: Yes, we will hold a dialogue tomorrow at 1500. This would mean the creation of another problem in the country, in addition to the economic problems I now must handle. At the present time, I am dealing with a solution to the economic problem. I must first solve this problem and then open a space for a possible dialogue. I have always presented the possibility of a dialogue within the Constitution. In addition, it must be a sincere dialogue, one that will not seek power per se, but a way to serve the people and ease the people's suffering. If dialogue is possible within these three levels, I am willing to hold it. I have always been willing to hold a dialogue under these terms. Then, my spirit, my intention, my conscience, my way of thinking, and my interpretation of what the people want is that they want to seek peace. In order to seek peace, it is necessary to seek a dialogue with the various sectors and the people.

It would, however, be useless to hold a dialogue if I destroy the possibility of dialogue by meeting with one sector and then announcing to the people: Look, we achieved nothing. Naturally, this weakens the dialogue as an instrument. I don't want to weaken this instrument, but strengthen it. Therefore, I expect the rebel sectors to understand how far the country would go or resist under the current circumstances. If there is a democratic procedure and a legal structure in the country, we must abide by that structure. Not respecting such a structure would mean breaking with it, putting an end to democracy, and ending the process to impose the formula that they propose; namely, to destroy all to establish the order of things they want. But neither the Constitution nor the law, the structures, the country, nor the people want or accept such an order. I interpret it thus. For this reason, I feel that despite my spirit and willingness to keep the doors of dialogue open, the rebel sectors must also understand and be willing to remain within the limits of the country's endurance.

[Moderator] Reporter Roldan Amaya, of Radio El Salvador, will now ask a question.

[Amaya] Mr President, what can you tell us about the change of government in the Philippines and Haiti, as well the struggle being waged in various Latin American countries in defense of democracy?

[Duarte] I feel that your question is pertinent now that two very important events have occurred in the world. One of them is Duvalier's leaving Haiti. This is the result of a people who, tired of dictatorship, decided to make an effort for their release. Again, the toppling of Marcos in the Philippines is the result of the people's will expressed at a given time. This is what happens when the people express their will, and there is a director who is not willing to accept the people's determination. Marcos' downfall is an example. If what occurred in Philippines had happened in El Salvador by mid-1978, I feel we would not be in the crisis that we are in today. This would have been so because the people's expressed will would have been fulfilled. At the time, a decision was based on the will of the far right and the imposition and power established by a military dictatorship. Marcos' leaving is based on the conscience of the people and the Philippine Armed Forces acceptance of the people's will. This also has happened in many other places, including El Salvador, where the people have shown a willingness to attain freedom and justice through democracy.

[Moderator] We invite journalist Roberto Block of LATIN REUTER.

[Block] Mr President, referring to the political space in the country, we are increasingly hearing government officials who talk about the need for the participation of a leftist party in the country's democratic process. It has also been said that the government is interested in comprising a leftist party so that it may participate. What is your comment regarding this?

Can you tell us if the government is adopting an active role in the creation of some parties or if it is helping -- or supporting -- a specific party? The second question refers to a visit you made over 1 and 1/2 years ago to Quezaltepeque, where you promised to abolish the death squads and enforce justice in seven or eight symbolic cases. You have already mentioned Monsignor Romero's case, but what is happening concerning the other cases? Few results have been publicized. What steps has the government taken to abolish the death squads which are still active -- although at a lower level? When can we expect results in this regard?

[Duarte] Referring to the first question, I think that my answer must be categorical so that there are no misinterpretations. The government cannot support a political party that depends on the government to grow and become strong. All Salvadorans have the right to organize a political party and strengthen their ideologies to present them to the people as an alternative. Consequently, the government cannot meddle in this or create fictitious forces that defend the government's platform or statements. Thus, the government does not and should not organize a political party.

In addition, the political parties that are already organized or are being organized should be given every facility so that they may function. This is part of the democratic process. Precisely today, a declaration was issued by a party -- what is its name?

[Unidentified speaker] Social Democratic Party.

[Duarte] The Social Democratic Party. It has issued a two-page statement concerning the country's problem. Of course, the government is interested in having more citizens organize to strengthen the country's democratic process. This is my categorical reply to the question.

The second question dealt with the specific cases we are trying to investigate [words indistinct]. We have tried to appoint this commission, which is already in existence or legally created. It is not only already investigating those cases, but also 34 other cases that have been included in the investigations. You will probably recall that it was precisely after my inauguration that several people were captured. Recently, they were tried and sentenced. I personally think that much remains to be investigated in regard to the case of (Viera), (Hammer), and (Turner) and that there were masterminds involved in the case who should also be tried. However, this is a job for the judges and the prosecutors. This also requires an amendment to the laws because the two gentlemen who (?committed the crime) -- and were later complying with certain orders. Regretfully, however, even though they have confessed they cannot be used as witnesses against others and, therefore, this makes the testimony of suspects useless as testimony against others who may be put on trial. These are the errors we have in our laws, and these are the problems we must handle.

I think we must continue the investigations. We must continue the investigations to see if we can put the masterminds of crimes, which are already being publicly commented on and on which two or three people have testified but which the judges have regretfully declared unfounded, on trial. Therefore, we will continue our struggle in this regard.

Your third question dealt with the death squads. Regarding the death squads, you have realized that they are growing smaller and smaller and, as you said, have been losing (?importance). No doubt some actions have occurred, but if you pit the number of such actions against criminal actions anywhere in the world, you will see that we have reached very low levels in the death squad actions.

What happens is anytime a crime is committed in El Salvador, it is first claimed that it is part of a political crime, and then people speculate whether it was committed by the death squads or by someone other than the death squads. This serves as a yardstick for crimes committed in the country. However, if we separate the crimes committed by common criminals from those committed for some political reasons, we will see that they have truly and considerably decreased in number. This does not mean that they have ceased completely. However, we are making efforts to reduce them more and more every day, and to punish those guilty of crimes of this type. Therefore, whenever a case arises -- some cases are under investigation and we have added some cases to those in the hands of the [word indistinct] (?investigation) commission as I said -- it is sent to the commission for investigation.

It is because of this attitude and the desire to investigate that we have taken into account Monsignor Delgado's homily last Sunday -- during which he cited figures and cases -- that we sent him a letter asking him to please give us the [word indistinct] and data to enable us to make the respective investigations. Last Sunday Father Delgado corrected the homily and mentioned the efforts being made by the government and the security corps in their struggle against crime. Therefore, we are struggling. It is not easy, and we cannot attain our objective overnight, the same way we cannot solve the economic problem overnight, or the social problem overnight, or the military problem overnight. We cannot solve all of the country social evils overnight either.

Therefore, what I will ask from you, what I am asking the news media to do is to take into consideration the effort we are making and the process in which we are engaged to diminish these evils. Unfortunately, however, the news that is sent abroad and the news we are reading in dispatches sent abroad reflect a negative view of the efforts the government is making in this regard.

I believe that while it is true that you want a dialogue and that you want to express yourselves, you can also see the efforts we are making and that we have made throughout this process. From time to time we must say this, we must say that we are making efforts. I do not know if [passage indistinct].

[Moderator] Finally, Mr President, reporter Michael Allen of [name indistinct].

[Allen] Mr President, regarding Tenancingo you mentioned that the leftist guerrillas are breaking the pact with government troops because they are carrying out press conferences inside the town and they are armed, etcetera, etcetera. However, it is also true that last Sunday approximately 350 Belloso Battalion troops entered the town itself and initiated combat and, according to eyewitnesses, they murdered at least one unarmed civilian. Do you not believe this also breaks the pact and destroys the process in Tenancingo?

[Duarte] I can answer you by saying that first we must see what really happened in Tenancingo. What happened is that armed guerrillas entered the town; there was a confrontation both outside Tenancingo and inside. This is a fact that cannot be denied because it happened. This could have regrettable effects on the people.

My position is that the Army and the government must try to prevent these incidents. We must help the residents of Tenancingo as much as possible so that they can stabilize their settlement there. In this regard I have spoken to the chief of the General Staff and he has given instructions to the zone commander so greater efforts will be made to help settle the area residents. He has provided all types of facilities [6 second break in transmission] the auxiliary bishop put in an appearance, a delegation of nuns is living there permanently.

The delegation supporting the people in Tenancingo spoke with the chief of the General Staff, who gave them the necessary explanations and assured them that it is not Army policy to carry out this type of action and that the Armed Forces is always willing to help them.

Of course, in this regard the terrorist sectors must also understand -- and I told the Monsignor this -- he must [words indistinct] and that the terrorists must not use the people because if they do there will be a problem. One of the basic points is that they do not fulfill their promises and they use the people to enter [towns] at any time; they enter armed and hold press conferences. There are times when Msgr Rivera y Damas has been present after giving a sermon and he has publicly told them: Go away; you must not be here. However, they remain and hold press conferences. This is a reality that cannot be ignored because it exists. I believe our positions in this regard is quite clear, we support the Tenancingo (?population) process.

GUATEMALA

GOVERNMENT TO INVESTIGATE DISAPPEARANCE CASES

PA261938 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 26 Feb 86

[Text] The new Guatemalan civilian government will investigate what happened to hundreds of people who disappeared during the previous military government, but it will not prosecute officers for past political crimes, President Vinicio Cerezo said in an interview published in Washington today.

The Guatemalan Government plans to revive an amnesty offer for the leftist guerrillas, but it would be politically naive to send officers to prison and pardon the insurgents Cerezo said in an interview granted in Guatemala to THE WASHINGTON POST.

We cannot condemn those on one side of the struggle, imprisoning the army officers while pardoning the guerrillas, Cerezo said, adding that to do so would continue the confrontation.

Cerezo said that over the weekend he sent letters to members of the U.S. Congress asking them to increase economic aid to Guatemala to pay the high short-term debts left by the military government. The president asked for \$130 million in donations and loans.

Cerezo said that his plan to create an impartial commission to investigate the disappearances is in answer to a request from the Mutual Support Group, an organization of relatives of people who disappeared in recent years during the struggle between the leftist guerrillas and the security forces. The group presented to him 959 cases of disappearances between 1980 and 1985 and the names of approximately 100 militarymen and soldiers whom it says are responsible for them. Cerezo said that the commission will investigate the fate of the missing people, particularly to determine whether some are still alive in secret prisons.

Even if he wanted to prosecute the Army officers, Cerezo said that he does not believe he has the legal instruments to do so. The previous government issued a decree in its last few days declaring amnesty for all those accused of political crimes during the two previous military governments. The Mutual Support Group and some legislators want the repeal of the decree, but Cerezo said that he believes it is too late to do so legally and that in any case it would be politically unwise to upset the Armed Forces.

CEREZO RULES OUT SINGLE EXCHANGE RATE FORMULA

PA252004 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 25 Feb 86

[Excerpt] President Vinicio Cerezo Arevalo said today that the government has ruled out the single exchange rate formula as one of the economic measures to face Guatemala's crisis.

Cerezo Arevalo rejected the possibility of establishing a single exchange rate between the quetzal and the dollar, a measure recommended by certain private sectors.

[Begin recording, in progress] ...press conference during the week to explain the various topics of interest discussed by the cabinet. The truth is that it was a work meeting. It was very hard and long. We worked for about 13 hours, and the main reason was to give the final touch to the country's economic recovery plan, which we will present in a few days.

I know that the point of interest of certain people in the private sector and the press is the exchange rate topic alone. However, to us, it is a topic that is part of the economic project. One cannot speak of the exchange rate topic without thinking of an economic recovery program, which is what Guatemalans are waiting for. If the government only spoke of financial problems without speaking, for example, of investing in access roads, of creating jobs, and of extending credits for medium and large farmers in order to reactivate production, then we would be falling in the trap previous governments fell into.

The truth is that the exchange rate topic is a trap in which we don't intend to fall. On the contrary, we are talking about economic recovery: more production for better prices, more production to create jobs, a greater state investment in access roads and services to create jobs, too, and more production to export more. Consequently, the idea of the economic cabinet is not to fall into the trap of discussing financial and exchange rate topics alone but to discuss an economic recovery program to give more jobs to workers. If we have to make certain national efforts, as we have said, let this be a national effort in which we all make some sacrifice. Those who have more have to sacrifice a bit more than those who have less. [end recording]

President Cerezo Arevalo said that the government will devote this year to stop the national economy's fall:

[Begin recording] [Cerezo Arevalo] I think that there are good prospects. I don't know why some try to paint a negative picture for Guatemala. I think it is more of a positive picture. If this year we have to make a certain degree of sacrifice, I would say that this year would be the year to stop the fall of Guatemala's economy. We must stop it because we were in a critical situation and next year will be the beginning of our recovery. Therefore, I would say that the outlook is optimistic, and for this reason we dared give some raises because we believe that we will have the possibility of improving Guatemala's economic conditions.

[Unidentified reporter] It was unofficially reported that a list of new products with maximum prices was made. Was this document signed?

[Cerezo Arevalo] This was one of the topics. This is an aid that is being contemplated within an overall project. What we did was draft a new list of maximum prices, but adjusted it to present circumstances. The new list eliminates certain prices, but others are established. This was done out of concern, basically, that the food basket prices will not continue to increase. However, this is a partial effort. When we implement the economic recovery plan, after a few months we will review some of the prices established for products that are being exchanged now at the rate of 3 quetzals for \$1.

If we begin a recovery process, it is possible that we may have to review the prices at a lower number of quetzals per dollar. This would or must imply a drop in prices for the people's benefit unless merchants don't want to work in common agreement with the government in order to help Guatemalans. [end recording]

CEREZO REPORTEDLY ASKS EXILES TO DELAY RETURN

PA242012 Guatemala City EL GRAFICO in Spanish 22 Feb 86 p 5

[Text] President Vinicio Cerezo has reportedly asked Guatemalans in exile in several countries not to return to their homes until the country has achieved a degree of legality and respect for human rights.

During his visit to Costa Rica prior to his inauguration, Cerezo met with representatives of the exiles and asked them to give him time to control the groups that promote violence so that he could offer them guarantees that allow them to rejoin the country's productive life.

Alfonso Cabrera Hidalgo, president of the legislature, updated this report yesterday when he gave his opinion about remarks made abroad by Guatemalans who feel that human rights violations continue in our country, which have become evident because of several macabre murders that occurred after Cerezo's inauguration.

"After 30 years of constant violations of the law, repression, and dictatorship, it is not easy to change things just overnight. But we have begun to work on that and we are determined to get good results so that we can live in a de jure system soon," Cabrera Hidalgo said.

This shows that although the country's doors are theoretically open to anyone who wants to return, there won't be too many who will, out of fear that groups foreign to the government will harm them just as occurred in the past, on various occasions when exiles -- especially politicians who opposed the regimes that were in office -- were invited to come back.

HONDURAS

GENERAL REGALADO ANNOUNCES MILITARY APPOINTMENTS

PA260255 Paris AFP in Spanish 2141 GMT 25 Feb 86

[Text] Tegucigalpa, 25 Feb (AFP) -- As part of a continuing process to fully restructure the military institution, Colonel Wilfredo Sanchez, chief of staff of the Honduran Army, today became commander general of the Public Security Forces, replacing Colonel Diego Landa.

Armed Forces Chief General Humberto Regalado also announced that Colonel Edgardo Mejia will be installed today as new commander of the Honduran Air Force (FAH), replacing Colonel Francisco Zepeda.

Next Saturday, Colonel Ronny Martinez, director of operations and training of the Joint General Staff, will be installed as commander of the Navy; the post was occupied by General Regalado until 21 February, when he became chief of the Armed Forces.

Colonel Sanchez participated in Contadora Group negotiations in the capacity of advisor on security matters. He said that the peace document "is an instrument that can turn our desires for peace, harmony, liberty, democracy, and justice" into reality and can "guarantee harmonious coexistence among different countries and the validity and strength of democratic systems."

Colonel Efraim Gonzalez, chief of the joint general staff, was replaced by former Defense Minister Colonel Amilcar Castillo on 21 February. General Regalado today said that the changes are "routine changes; I am trying to implement my own policy in my command."

According to analysts, the officers replaced are linked to former military chief General Walter Lopez, who resigned unexpectedly on 1 February.

General Regalado said that his predecessor apparently "has plans to request a discharge and if that is his wish, we will grant it to him."

At the time that General Lopez announced his resignation, as well as in later statements, he said that according to Armed Forces laws, he would become adviser to the commander.

However, to date the Armed Forces have not announced that he has been appointed to that post, pointing out only that he is still an active officer.

Meanwhile, Colonel Gonzalez will be the military attache to El Salvador, and Colonel Landa will be Honduras' new representative before the Inter-American Defense Board.

JOINT MILITARY EXERCISE WITH U.S. BEGINS

PA261936 San Pedro Sula LA PRENSA in Spanish 26 Feb 86 p 48

[Text] The U.S. and Honduran armies are jointly carrying out "Operation Lempira." These exercises are preparing both armies in the struggle against the subversion that might arise at any moment in Honduras and that is promoted by the communist countries.

Colonel Carlos Reyes Barahona, commander of the 4th Infantry Battalion, told the local news media: "The purpose of 'Operation Lempira' is to carry out joint training of U.S. and Honduran personnel." He added: "This training program entails civilian-military actions for our troops."

Reyes Barahona later explained that the civilian-military operations are being carried out in Salitran, Roma, Coloradito, and La Ceibita, and will later include San Juan Pueblo and other communities in that department.

The strictly military action will take place in La Ceiba and Balfate and will include target shooting, air operations, coastal operations, and civilian crisis training. These exercises are supported by the Bravo Task Force from Palmerola, Comayagua.

The civilian-military action is to enable the military personnel to become familiar with the civilian population and to counter the defamation campaign of the leftists, who avail themselves of the poverty of the peasants in order to fill them with hatred from the army and government.

These actions include health activities, as the civilians are being given medical treatment, medicine, and preventive medicine. The animals (dogs, cats, and horses) are also being treated for infectious diseases such as rabies, and all of this is being given free of charge.

The training programs are taking place in several Honduran towns, but the operation's center is in La Ceiba, because of its geographic location.

There are fewer than 130 U.S. troops throughout the country. In La Ceiba, there are 40, and they will only remain there for 1 month.

We repeat, this is an antisubversive operation. They are preparing to struggle, in the event they should have to fight subversives. The Honduran Army planned this a year ago.

Col Reyes Barahona said that there are persons in the area interested in provoking internal problems. "Isleatas and Bajo Aguan cooperatives are some of the sectors these persons are interested in controlling," he added. "They have very complex networks in Olanchito and the surrounding area."

Answering a question, he said: There is activity in the area, particularly at night when there is less surveillance. He did not say if there was any arms trafficking along the Tela-La Ceiba highway.

The training is done with small group of soldiers, as this makes fast mobilization, silent mobilization, and direct blows against the enemy easier. Each training group has fewer than 40 troops.

EDITORIAL VIEWS U.S. REPORT ON HUMAN RIGHTS

PA261726 San Pedro Sula TIEMPO in Spanish 25 Feb 86 p 6

[Editorial: "A More Truthful Report on Human Rights"]

[Excerpts] Excerpts of the U.S. State Department report on the human rights situation in Honduras during 1985 have been published. Skillfully drafted, the report is much less unreal than those that were issued in previous years, which portrayed our country as a happy arcadia whose inhabitants enjoyed the greatest respect and all individual guarantees.

The essential aspect of this report is the emphasis on the administration of justice that "is irregular, slow, and frequently subjected to improper influences." It reports the implementation of "a national program to improve influences." It reports the implementation of "a national program to improve the administration of justice and to strengthen the judicial system."

Some of the statements about situations that took place in the recent past draw attention. For example, it states: "Unlike previous years, there were no accusations of political deaths in Honduras in 1985. The Armed Forces published a preliminary study on disappearances reported up to the beginning of 1984. It indicated that some of those missing people could have died at the hands of Nicaraguans exiled in Honduras. The allegation was not repeated in the incomplete final report published on 17 October 1985."

One can see that there is an effort to stress the nonparticipation of the "contras" in some of the disappearances of Hondurans. This nonparticipation does not seem to be true.

On the contrary, the idea about that connection, "especially during the time of General Alvarez Martinez," seems to be gaining strength, and recent publications in the U.S. press have referred to these facts, including some participation of the CIA in this field.

Thank heaven that with regard to that famous investigation on missing people and the repugnant report issued to the nation by the Armed Forces, the State Department report states that they were "strongly criticized by human rights spokesmen," and it even stated that "on 12 December, a case in the criminal court against six individuals accused of participating in the disappearances was rejected."

It is the first time in a long time that the U.S. State Department admits that there is an irregular situation in Honduras where "there is physical and mental mistreatment of prisoners."

"The courts are subject to political influence. The reorganization of the Supreme Court of Justice in June 1985 after the attempt by Congress to accuse several judges had led to a less politicized court which has become more sensitive to the writs of habeas corpus and shown greater willingness to consider charges about bad judicial administration."

We thus see that there is an interest in a better administration of justice in Honduras by pointing out its most evident flaws. This contrasts with the attitude of tolerance and acquiescence of the recent past.

However, we do not think that the politicization of the Supreme Court of Justice has decreased. On the contrary, it is now in its peak thanks to the Arzoz-Callejas pact that left the judicial branch in the hands of the blue party [the Honduran National Party] with a system of distribution of judgeships that is definitely sectarian.

PEASANTS AFFECTED BY 'TOXIC YELLOWISH RAIN'

PA241849 Panama City ACAN in Spanish 1710 GMT 24 Feb 86

[By Armando Ceriato]

[Text] San Pedro Sula (Honduras), 24 Feb (ACAN-EFE) -- The residents of a large sector in the vicinity of Villanueva, in the northern part of Honduras, continue to be affected by a toxic yellowish rain dropped by unidentified planes.

Scores of people with skin sores, breathing difficulties, and other health problems are arriving at state and military first-aid posts in San Pedro Sula, 60 km north of Villanueva.

The people affected have recounted what several peasants reported several weeks ago: "hearing several planes flying at night, we went out to our yards and something yellow covered our bodies, which later has caused all these problems to our health."

Lazaro Gutierrez, the peasant who first revealed the sores on his body and other ailments caused by the strange rain, when asked again by reporters yesterday, said: "I do not want to say anything because I have already been threatened with death at my home."

However, the peasant refused to offer further details of the people who threatened him at home, near Villanueva, or whether they were soldiers or civilians.

A theory born between groups of the Honduran left noted that the United States is carrying out tests on the effects of the yellow rain used in Vietnam.

However, the U.S. Embassy in Tegucigalpa denied that the troops quartered in Honduras or any other branch of its Army "are testing chemical weapons in Honduran territory, least of all against the civilian population."

The Honduran Army has said nothing in that respect, nor has it named any investigating committee, despite having knowledge of the mysterious flight of unidentified planes at night. The Honduran Air Force is informed about all flights through a couple of U.S. radars that cover the national territory, and which have given warning about intruding flights in the past.

Last weekend, the Soviet news agency TASS accused the U.S. Army of making chemical weapons tests in Honduras. These charges have not been commented on by the Pentagon, the U.S. Embassy in Tegucigalpa, or the Honduran Government.

So far, the residents of the communities of Villanueva, El Cerron, Agua Colorada, El Venado, and Concepcion del Norte have been affected.

Generally, the yellow rain is observed in jungle areas, according to reports given to the Honduran authorities by the affected peasants. Since the entire region of Villanueva is dedicated to the production of sugarcane, at first it was believed that farmers were using some new very toxic type of pesticide, insecticide, or herbicide, but that is not the case.

NICARAGUA

ORTEGA ON BORDER MEETING WITH COSTA RICA

PA251902 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 25 Feb 86

[Text] A permanent inspection and oversight commission was created in Managua during a meeting of the Nicaraguan and Costa Rican deputy foreign ministers. It is expected to contribute to the maintenance of effective peace and tranquillity on the border that the two countries share. The agreement of the Costa Rican-Nicaraguan mixed commission received the support of the Contadora Group foreign ministers, who also attended the meeting.

[Begin recording] [Unidentified reporter] The Costa Rican-Nicaraguan prevention and supervision commission was reactivated today. The commission worked throughout the day. It was presided over by Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco and Costa Rican Deputy Foreign Minister Gerardo Trejos. At the end of the meeting, the Costa Rican Government representative reported on the agreement.

[Trejos] We agreed on the generalities for the creation of a permanent inspection and oversight commission on the common border that will contribute -- these are the wishes of the presidents of Nicaragua and Costa Rica -- to the effective maintenance of peace and tranquillity in the common border area. It will be a civilian commission with the support, naturally, of specialists in security matters.

[Reporter] After the meeting, President Daniel Ortega met with the Costa Rican delegation and the deputy foreign ministers of the Contadora Group.

[Ortega] We believe that meetings like this one show that it is possible to achieve peace. They must make the U.S. Government think. We believe the U.S. Government should seriously consider that, must understand that making peace with Nicaragua is not a defeat. It is a victory. War is a defeat for all. [Words indistinct] a war would be a defeat for everyone. We are satisfied with Contadora's effort, with its participation today [words indistinct] Costa Rica and Nicaragua [words indistinct] Costa Rica's position is mature, has a spirit of Central American unity, and favors peace. We will continue to support the Contadora Group's effort and that of the support group, as well as the Caraballeda document which [words indistinct] very important so that we can advance. [end recording]

Ministers Depart After Meeting

PA252240 Managua Radio Sandino in Spanish 1930 GMT 25 Feb 86

[Text] The Contadora Group deputy foreign ministers and the Costa Rican deputy foreign minister left today after agreeing to organize a border patrol for the Nicaraguan-Costa Rican border.

The Contadora Group deputy foreign ministers, Ricardo Valero of Mexico; Jose Maria Cabrera of Panama; Guillermo Fernandez de Soto of Colombia; German Nava Carrillo of Venezuela; and Gerardo Trejos of Costa Rica, left Managua this morning. As they were leaving, Gerardo Trejos told reporters at the Augusto Cesar Sandino Airport that the meeting with his Contadora and Nicaraguan colleagues was an important and positive step on behalf of pacification in the area.

The Contadora deputy foreign ministers met with Victor Hugo Tinoco, Nicaraguan deputy foreign minister, and Gerardo Trejos to discuss the establishment of a patrol zone along the border.

On 13 February, Costa Rican President Luis Alberto Monge suggested the establishment of such a zone to Nicaraguan President Daniel Ortega.

During a meeting which lasted 8 hours, the representatives of Contadora, Nicaragua, and Costa Rica agreed on the principles of the structure, objective, organization, and financing of the border patrol commission.

EEC President Lauds Agreement

PA261327 Managua Radio Sandino in Spanish 0000 GMT 26 Feb 86

[Text] Ruud Lubbers, prime minister of the Netherlands, has sent a letter, as president of the EEC, congratulating Nicaragua and Costa Rica on their agreement to normalize their diplomatic relations. A Nicaraguan Foreign Ministry spokesman reported that in his letter, Prime Minister Lubbers cites both governments for having satisfactorily accepted the exchange of letters of 12 February 1986 regarding their problem and for agreeing to establish the foundations for constructive relations based on peaceful coexistence and mutual respect.

The EEC is giving its full support to this goodwill effort, which is a positive contribution to ease the tensions in the region and to the Contadora Group peace efforts, Lubbers wrote.

CULTURE, EDUCATION PROTOCOL SIGNED WITH CUBA

PA251517 Managua Domestic Service in Spanish 1200 GMT 25 Feb 86

[Text] Nicaragua and Cuba signed a cultural and educational cooperation protocol for 1986 in Havana yesterday. This protocol covers the areas of science, culture, education, university education, sports, radio, and television, as well as a bilateral exchange between intellectual and artistic groups.

The document was signed by the deputy foreign ministers of Nicaragua and Cuba, Jose Leon Talavera and Ricardo Alarcon. The Cuban deputy minister warned that Nicaragua is a victim of the U.S. hostile policy and recalled that the Reagan administration intends to deliver more funds to the counterrevolutionaries.

AMBASSADOR TO MEXICO ON PEACE, NONINTERVENTION

PA261859 Managua Radio Sandino in Spanish 1750 GMT 26 Feb 86

[Text] While defeating the counterrevolutionary aggression and displaying its capabilities for resisting and defeating a future direct U.S. intervention, Nicaragua is defending and strengthening the principle of nonintervention under the protection of the Contadora Group's negotiating process. This was said by Nicaraguan Ambassador to Mexico Edmundo Jarquin during a lecture on peace and nonintervention in Central America that he delivered at the Puebla Autonomous University, which has voiced its solidarity with the Sandinist people's revolution.

By claiming that peace will be the result of its policy of growing interventionism in Central America, the U.S. Administration is challenging the logic of history and law that we have built, through enslavement, interventions, and aggressions of all types, Jarquin added. History shows that the U.S. interventionist policy does not lead to peace but to war, and that policy is doomed to failure, Jarquin said, insisting that the United States can unleash all of its military power against Nicaragua, but this does not have the slightest possibility of establishing a stable and firm government as an alternative to Sandinism. Anyone believing otherwise is terribly mistaken, he added.

PCDN DECLARES SPANISH ENVOY 'PERSONA NON GRATA'

PA261418 Managua Domestic Service in Spanish 0300 GMT 26 Feb 86

[Text] According to a letter sent by the Democratic Conservative Party of Nicaragua [PCDN] to Foreign Minister Miguel D'Escoto, this political organization has declared Luis Cuervo Fabrega, the Spanish ambassador to our country, persona non grata. In the note, the PCDN members indicated that Ambassador Cuervo Fabrega has meddled openly in the internal affairs of this party, thus violating the international principle of nonintervention. The PCDN note was delivered at noon today, and Rafael Cordova Rivas, the PCDN national coordinator, made it public through the media.

PASTORA TOURING CALIFORNIA TO OBTAIN AID

PA261541 Madrid EFE in Spanish 1201 GMT 26 Feb 86

[By Jesus Hernandez Cuellar]

[Text] Los Angeles (California), 25 Feb (EFE) -- Nicaraguan insurgent leader Eden Pastora (Commander Cero) said today that he is not interested in becoming the president of Nicaragua "when the Managua regime is defeated."

At a press conference, Pastora stressed the importance that U.S. aid would have for his 5,000 troops who are fighting within the ranks of the Democratic Revolutionary Alliance in southern Nicaragua.

The legendary guerrilla, who still considers himself a Sandinist, noted that "if Managua falls, the leadership of the new government must be assumed by someone who is capable of uniting all the rebel forces."

Before a group of reporters of English and Spanish media, Pastora described possible U.S. aid for his guerrillas as "important, but not decisive." "What is decisive," he emphasized, "is the Nicaraguan people's willingness to fight."

He noted that, although the United States has given some aid to the Nicaraguan Democratic Force (FDN) insurgents, his troops have not received "a single rifle, uniform, or helmet." He also stressed to EFE that his stand in regard to former Somozist guardsmen, who are believed to hold important positions in the FDN leadership, "is not radical." "People don't know that there are former Somozist guardsmen among my troops, and one of my representatives in Miami was a general," he continued. "The important thing," he added, "is the capacity to amend mistakes; if they (the former guardsmen) did this, they would no longer be Somozists."

Pastora recalled that after deserting the Sandinist ranks, he made a self-criticism at a news conference in San Jose, Costa Rica, through which he broke his links "politically and morally" with the Managua regime.

Commander Zero is making a tour of California to obtain aid from the U.S. Government, private citizens, and the Nicaraguan colony in order to strengthen his ear against the Nicaraguan Government. This is the third visit he has made to southern California in the past 3 months with the same objective.

2 CONTRA CHIEFTAINS PRESENTED, TO BE TRIED

PA261415 Managua Radio Sandino in Spanish 1930 GMT 25 Feb 86

[Report by Denis Ruiz, correspondent in Juigalpa]

[Excerpts] The Interior Ministry and the revolutionary government yesterday presented to the people of Nueva Guinea counterrevolutionary chieftains Byron Joel Granja Martinez, alias El Almirante and Agustin Sereno Palacios, alias Venganza. They were captured while involved in military actions in the Nueva Guinea area. El Almirante, who was a platoon leader, and Venganza, who was a squad leader, were presented to the people yesterday at a people's event to return 230 peasants who had quit the counter-revolution to their relatives.

El Almirante confessed his actions and said that he had participated in the sinking of the Bluefields Express, the murder of seven peasants of the area in ambushes, and the torture of kidnapped civilians.

Venganza, who is 17 years old, said that he had participated in five clashes, three ambushes of civilian vehicles, and thefts. In addition, he confessed to slitting the throats of four humble peasants in Cano Blanco, Montes Verdes, Países Bajos, and Las Cuestas. These murderers of the people will be taken to the anti-Somozist People's Courts to be tried for the crimes they have committed against the peasants.

LAWYER CRITICIZES FSLN DRAFT CONSTITUTION

PA261324 Managua LA PRENSA in Spanish 24 Feb 86 pp 1, 6

[Excerpts] Lawyer J. Ramon Garcia Vilchez has commented on the draft constitution presented by the FSLN. "The draft provisions make it difficult for a Nicaraguan citizen to file unconstitutionality appeals, because it would be necessary to get 30,000 signatures and have them authenticated by a notary public before one can appear at the Supreme Court of Justice to demand respect for rights violated by a law that opposes and contradicts the constitution.

"Conversely, and without too much difficulty, the president of the republic and the president of the Supreme Electoral Council can take advantage of the resource. In the National Assembly, only the FSLN has the requisite number of deputies (49) to file an unconstitutionality appeal. The other parties, as such, cannot use this right or file an appeal because they do not have the necessary number of deputies in the assembly.

"We believe any citizen should be able to file an unconstitutionality appeal, because they are entitled to it and it is their defense when confronted by the authorities.

"The draft also says that the constitution can be partially amended only by an initiative of the president of the republic, by 40 National Assembly representatives (deputies), or 40,000 signatures properly authenticated. No provisions have been made as to principles, such as the revolutions's popular nature, democracy, national defense, anti-imperialism, anti-interventionism, nonalignment, and Latin Americanism.

"Here again we see that the FSLN becomes the only party that can partially amend the constitution, since it is the only one that has 40 representatives at the National Assembly. In addition, the president is one of the members of the FSLN National Directorate. Yet, for any one citizen to be able to request an amendment to the constitution, he must have 40,000 authenticated signatures.

"Also, the principles for which amendments are not provided are those to be raised to the status of dogma in the first chapter of the draft when they form part of the constitution. The political system or regime can be changed at any time and for whatever cause by the ruling party. This means that the FSLN at present can accept a simulated presidential regime, yet it can partially amend the constitution the moment this is convenient for the party and shift to a popular democracy regime or any totalitarian regime, according to its interests.

"The constitutions of democratic countries precisely forbid constitutional amendments to change the democratic regime."

SOCIAL SECURITY DIRECTOR ON PEACE EFFORTS

PA260426 Managua Radio Sandino in Spanish 1930 GMT 25 Feb 86

[Text] The meeting held by the Nicaraguan-Costa Rican Commission, which was appointed to prevent border incidents, is definitely a big step forward in the search for peace in Central America, said Reinaldo Antonio Tefel, minister director of the Social Security and Welfare Institute.

[Begin recording] [Tefel] It is becoming more obvious each day that the policies and interests of the U.S. Government are very different from those advocated by the Latin American countries. While the Latin American countries support the Contadora Group, the Support Group, and the Caraballeda message in a demonstration of their Latin Americanist spirit, inspired by Simon Bolivar and our forefathers, the U.S. Government keeps promoting its interventionist policy: a constant threat of direct military intervention and an unjust, immoral, and terrorist war against the Nicaraguan people.

The Latin American countries are not to blame for the fact that Contadora has failed to obtain a definite peace for Central America. The U.S. Government has put too many obstacles in the path of restoring peace in the region.

The meeting that was held in Nicaragua by the deputy foreign ministers of Contadora, Nicaragua, and Costa Rica is an important and positive step on behalf of peace for Central America. I believe the peoples and Governments of Nicaragua and Costa Rica have taken a big step forward by agreeing to appoint a mixed commission which will seek every possible way to make the Nicaraguan-Costa Rican border a peaceful transit zone and prevent the concentration of counterrevolutionaries in that sector. I repeat: I consider this meeting a big step forward in the search for peace in Central America. Unfortunately, the Costa Rican Government is under tremendous pressure from the U.S. Government. However, we hope that the people and Government of Costa Rica will stand up for their sovereignty and Latin American peoples' interests, especially those of Central America.

[Unidentified reporter] Can you give us your opinion of Nicaragua's political situation, especially because this afternoon the Special Constitutional Commission will approve open discussions of the constitutional draft in town halls?

[Tefel] The next step is the institutionalization of the revolutionary process in a true democratic way and with the people's participation. The town hall meetings are just part of the process in which we are proving that we are establishing a real democracy with the people's effective participation. For the first time in the history of Latin America, the people are going to have direct participation in the drafting of their constitution. They will discuss a draft which still must be perfected and which later will be submitted by the Special Constitutional Commission to a plenary session of the National Assembly for its final approval. To me, this is truly Nicaraguan and Sandinist democracy. [end recording]

BRIEFS

PORT ENLARGEMENT AID -- The port of San Juan del Sur will be enlarged through a line of credit from the Netherlands and Belgium. The project will cost 100 million cordobas and will be carried out by the National Port Enterprise. It includes the construction of a warehouse to house customs offices and for storage and the improvement of maintenance workshops. With this project, stevedores will be able to load and unload 100,000 metric tons of various products. [Summary] [Managua Sistema Sandinista Television Network in Spanish 0200 GMT 28 Jan 86 PA]

CASTRO ADDRESSES 27TH SOVIET PARTY CONGRESS

FL261536 Havana Tele-Rebelde Network in Spanish 1212 GMT 26 Feb 86

[Speech by President Fidel Castro to the 27th CPSU Congress at Moscow's Palace of Congresses, date not given -- recorded]

[Text] Dear Comrade Mikhail Gorbachev, dear delegates, distinguished guests. I will complete the first obligation of a guest, which is to be as brief as possible. [applause] An aspiration for renewal and a strong injection of the Leninist spirit, optimism, enthusiasm, and hope are in the air of this 27th congress.

Those of us who have traveled a great distance know that this is not just another congress, but a historic congress. The entire, profoundly critical process of preparing for this congress, its rigorous analysis, and Gorbachev's brilliant and valiant main report teach us that, beyond the colossal political, economic, social, and scientific successes, the immense glories of defending the fatherland, and the Soviet people's historic deeds and militant communist vanguard, nothing will ever be able to satisfy your unquenchable thirst for new advances in the road opened by the Great October Revolution. [applause]

This is in response not only to the needs of the human spirit, but also to the objective realities of history. It is not for us, the guests, to pass judgements, evaluating what this heroic and admirable country has done, or to make suggestions as to what can or should be done. We can only express once again our unlimited confidence, profound admiration, and solid conviction that whatever the difficulties, whatever the challenges encountered on the road to constructing communism, which has never before been traveled by man, this people and this party will know how to conquer these obstacles. [applause]

Perhaps the greatest of these today is the threat to peace, the danger of a war that could end the human race and its most noble dreams. Man's history has recorded many irresponsible acts that have created catastrophic wars, but this the first time in man's history that it is possible man may not survive the consequences. Irresponsible policies stem from a blind and obsessed imperialism, which is more dangerous than anything that has previously existed, precisely because it is ignoring or trying to ignore these realities.

We live during a time that truly requires nerves of steel, crystal-clear policies, and the firmness of granite. The nerves of this heroic people are like this. They have been surrounded by threatening, aggressive nuclear military bases for dozens of years. Their peace policy has also been like this. If this was proven in Lenin's day, when weapons of mass extermination did not even exist, who can deny that the fundamental hopes for the survival of the human race are based today on the USSR, with its nerves of steel, firm power, clear and firm peace policy, and its radical and categorical proposal to end the arms race, prohibit weapons in space, and eliminate forever all nuclear weapons. [applause]

After Comrade Gorbachev's statements, in the name of the Soviet people and party, before Geneva, in Geneva, and after Geneva, no one will have any doubts that socialism wants peace, that socialism is peace. [applause]

The second challenge, no less stimulating and also of enormous importance is the development of the economy that we have sustained and elevated under the consequent immediate application of scientific and technical advances, which shows us the road to peaceful emulation between socialism and capitalism as the only road to solving the historic contradiction between the two social systems.

Upon these solid premises are based the great, just hopes of progress and continued improvement of our political and social system, infinitely more rational and a thousand times more humane than capitalism. [applause] These ideas, upon which the glorious party of the Soviet Union places enormous emphasis, constitute today a banner for the struggle of the entire socialist community and will, without doubt, count on the maximum support of all the progressive forces of the world. [applause]

Perhaps imperialism thinks that by changing the world's peace policy, which the socialist countries and all the peoples of the world have pledged to support and which calls for objectivity from the developed industrialized states, they could possess the ability to control the destiny of developing nations in Latin America, Africa, and Asia.

In those regions of the world where imperialism wants to initiate local wars or minor conflicts, as they can be cynically called because of their cowardly and opportunistic creation, the peoples will be responsible for never allowing this to happen. [applause]

Our liberation is not a debt to be paid in response to a favor or permission from the empire. It is a result of our struggles to conquer or maintain our liberty; it is the fruit of the blood and lives of many of the best sons of our peoples, and they will never be able to take away that heritage.

Vietnam is an example of the price the empire payed for so-called low-level conflicts waged against patriotic and progressive forces by the CIA and the United States Government. The peoples of Nicaragua, El Salvador, Angola, Namibia, South Africa, Western Sahara, Palestine, Afghanistan, and Kampuchea are also examples.

There is something more powerful than nuclear arms, and that is the peoples' love of freedom. The third challenge for all progressive forces is hunger, poverty, unemployment, a disappointing and sedentary backwardness, and underdevelopment of the so-called Third World nations. Upon them has fallen the brutal weight of the capitalist economic crisis. Their foreign debt, amounting to almost \$1 quadrillion, is absolutely unpayable and uncollectible. Their situation now is desperate, morally and physically unbearable. The cancellation of that unjust, absurd, and unpayable debt and an end to unequal trade, dumping [previous word in English], protectionism, and the looting of natural and human resources are the unanimous demands of those nations which make up the vast majority of the earth's population. They demand a response from capitalist countries, or they will impose their own solutions.

The drastic drop of oil prices in recent weeks as a result of imperialist manipulations has led a large number of debtor countries of the underdeveloped world to the brink of a catastrophe, already being endured by an immense majority. An end to the payments or serious social upheavals in many countries will be the inevitable consequences of this situation in the very near future. The Third World countries expect and are sure they will receive from the socialist community maximum solidarity in their struggle for just economic gains. [applause]

Dear Soviet friends, comrade delegates, Comrade Mikhail Sergeyevich Gorbachev: Allow me to convey on behalf of Cuba our most fraternal and warmest greetings on the occasion of this historic 27th congress. [applause] Upon you we place our hopes of communists, revolutionaries, and a nation which is a part of the socialist community and also of the Third World. Upon the great Lenin's motherland, upon the Soviet people, upon their glorious party, upon its leadership, upon you, Comrade Gorbachev, [applause] upon your fresh ideas, upon your dynamic style, upon your tireless struggle for peace, for Leninist principles, and for communism, we [place our hopes] and trust [applause] and fully support you. [applause]

Long live socialism! Long live internationalism! Long live peace! Thank you very much. [prolonged applause]

FOREIGN MINISTRY CONDEMNS U.S. SUPPORT FOR CONTRAS

FL261320 Havana Radio Progreso Network in Spanish 1200 GMT 26 Feb 86

[Text] The Cuban Foreign Ministry has issued a declaration condemning the support being given by the present North American administration to the Nicaraguan counter-revolution. The document urges the mobilization of international public opinion in an effort to stop immediately behavior which, in addition to sowing death and destruction in Nicaragua, is aimed at worsening the Central American situation and hindering all ongoing negotiating processes in the area.

NONALIGNED COUNTRIES' HEALTH EXPERTS MEET

FL251242 Havana Radio Progreso Network in Spanish 1200 GMT 25 Feb 86

[Text] The serious economic situation that is severely affecting the underdeveloped world, particularly in the area of health, was analyzed by Public Health Minister Julio Tejas in Havana. Upon inaugurating the third meeting of public health experts from the Nonaligned Countries Movement, the minister called for rigorously confronting that situation.

NICARAGUA SIGNS CULTURAL RELATIONS PROTOCOL

FL252310 Havana Radio Periodico del Aire 1700 GMT 25 Feb 86

[Text] The cultural and educational cooperation protocol between Cuba and Nicaragua that will govern relations this year between the two countries in science, higher education, education, culture, cinematography, creative artists' unions, radio and television, and sports has been signed at the Cuban Ministry of Foreign Relations. The protocol was signed by Ricardo Alarcon, vice minister of foreign relations of the Republic of Cuba, and Jose Leon Talavera, vice foreign minister of the Republic of Nicaragua.

MINISTER INAUGURATES SCHOOL IN MEXICO

FL220026 Havana Radio Rebelde Network in Spanish 0000 GMT 22 Feb 86

[Text] Cuban Construction Minister Raul Cabrera Nunez has arrived in Mexico City to inaugurate the first school constructed with Cuban assistance as a result of the damages by the September earthquakes. The resources used to construct the building were part of the \$2.5 million donated by Cuba for reconstructing Mexican schools damaged by the earthquake.

The school will be inaugurated tomorrow by the Cuban minister and Mexican Education Secretary Miguel Gonzalez Avelar.

CEREMONY COMMEMORATES SDAR 12TH ANNIVERSARY

FL251954 Havana Television Service in Spanish 1800 GMT 25 Feb 86

[Text] A ceremony commemorating the 12th anniversary of the Saharan Democratic Arab Republic, SDAR, has been held at the headquarters of the Cuban Institute of Friendship with the Peoples, ICAP, in Havana.

(Salem Sid Rahim), SDAR ambassador to Cuba, said the Moroccan regime is not only confronting the Saharan people, but also the international community, which is proposing a peaceful solution in agreement with the SDAR's right to liberty. Present at the ceremony were Central Committee members Isidoro Malmierca, Cuban foreign minister, and Rene Rodriguez Cruz, ICAP president, as well as other political leaders and representatives of the diplomatic corps for the liberation of Africa, Asia, and Latin America.

PORTUGUESE COMMUNIST ADDRESS TO PCC CONGRESS

PM271003 Lisbon AVANTE! in Portuguese 20 Feb 86 (EM FOCO supplement) p 2

[Speech by PCP Political Commission and Secretariat member Blanqui Teixeira at Third Communist Party of Cuba Congress in Havana -- date not given]

[Text] Dear Comrades: On behalf of the PCP Central Committee, we wish to extend warm fraternal greetings to the Third Communist Party of Cuba (PCC) Congress and, through it, the Communists, workers and Cuban people, who have performed a magnificent task of development and progress, which is considerable encouragement and a source of inspiration for all peoples.

The Cuban revolution has played and still plays a role of exceptional importance which is especially highlighted by its particular geographical position, the power of its example for all the nations of Latin America, and the internationalist stance it consistently upholds.

Your successes in the economic, social, and cultural fields are living proof of socialism's advantages and superiority for the satisfaction of the masses' desires and for the consolidation of democracy, independence, and peace.

The proceedings of your third congress are further proof that the path followed since the historic date of 1 January 1959 will continue. It will continue through the intensification of building socialism; it will continue through a more vigorous mobilization of the whole people for greater efficiency in production and in defense; it will continue through taking new steps in Cuba's economic and social development.

Dear Comrades: The international situation has dangerously deteriorated. The militarist policy of imperialism -- primarily U.S. imperialism, which has done its utmost to undermine and destroy your revolution -- is a very worrying threat to world peace.

In the meantime, the peoples' struggle for freedom, for the improvement of their lives, and for peace is intensifying. As a result of that struggle, major changes have taken place in many countries, and important steps have been taken for the preservation of peace.

The policy of peace and development conducted by the Soviet Union and the whole socialist camp has played a decisive role in this respect.

Following the historic Geneva summit, the Soviet Union's recent initiative aimed at the elimination of nuclear weapons by the year 2000 meets the aspirations that unite the whole of mankind.

On the other hand, the struggle for peace and social progress is closely linked to the peoples' liberation from the hunger, poverty, and exploitation which imperialism imposes on many developing countries. The struggle for the establishment of more just international economic relations which would lead to more favorable development of those countries and not obstruct that development and bring increasing and stifling indebtedness to a struggle which should unite the democratic and peaceful forces of the whole world. For the clarification of these issues and for the corresponding action, you Cuban Communists have played an outstanding role which is important to highlight and acclaim.

Dear comrades: In Portugal, throughout last year, the workers' and democrats' struggle achieved important successes for the defense of the gains of the 25 April revolution.

The 6 October legislative elections brought about a favorable change in the makeup of the Assembly of the Republic, and the current government is a government with a precarious and uncertain relative majority. In last December's local elections the United People Alliance, of which the PCP is a main force, confirmed its considerable hold and prestige.

However, the first results of the 26 January presidential election created a very dangerous situation for Portuguese democracy. Of the four candidates running in the election, the two right-wing candidates -- Socialist Party Secretary General Mario Soares and Freitas do Amaral, former chairman of the social Democratic Center Party (an extreme right-wing party) -- went through to the second round.

In order to define the PCP's stance in the second round of the presidential elections, the Central Committee decided to convene the 11th (special) congress, which was held last Sunday. According to the reports now received in Cuba, the congress decided to commit the whole party and all its influence to the defeat of Freitas do Amaral, although no illusion can be harbored about Mario Soares' ideas and political practice.

The experience of the Cuban revolution shows that the struggle of the workers and the people's masses, the democrats' activity, and the institutions' functioning play a decisive role in surmounting dangers and in the defense of the democratic system.

Dear comrades: The achievements of the Cuban revolution and their defense are in the interest of the whole of progressive mankind. We wish you the greatest success in your third congress' proceedings and the implementation of its resolutions.

We wish to tell you that the Portuguese Communists will continue to work for the strengthening of the traditional relations of friendship, cooperation, and solidarity existing between our two parties, on the basis of the principles of Marxism-Leninism and proletarian internationalism, in the interest of our two peoples and countries and of the common cause of socialism and peace.

Long live the Third PCC Congress! Long live the solidarity and friendship between the PCP and the PCC! Long live the friendship between the peoples of Portugal and Cuba! Long live proletarian internationalism!

ANTIGUA-BARBUDAFINANCE MINISTER ANNOUNCES PUBLIC SECTOR FREEZE

FL250232 Bridgetown CANA in English 2131 GMT 24 Feb 86

[Text] St Johns, Antigua, Feb 24, CANA -- Finance Minister John St. Luce announced a freeze on public sector jobs today in a move to cut spending.

Presenting a 248.7 million dollar (one EC dollar; 37 cents) budget for the 1986 financial year, St. Luce said no additional employees would be taken on this year because government wanted to halt the growth of salaries and wages. It is the intention of the government not to fill non-critical positions which may become vacant, thus reducing the workforce by attrition, he added.

St. Luce announced no new taxation but said government planned to tighten up on revenue collection. The budget, which is 47 million dollars above last year, projects recurrent expenditure of 160,599,229 dollars and a capital expenditure of 88,147,737 dollars. Recurrent revenue was estimated at 159,923,287 dollars, an increase of 30 million dollars over last year.

Health was allocated the largest share of the budget -- 19.9 million dollars. Education was next with 19.6 million, followed by 15.5 million for public works.

St. Luce said government would enforce both the Inland Revenue Department Act and the Property Tax Act, both passed last year, as part of its drive to increase collection of revenues. Emphasis will be put on cracking down on tax evaders and smugglers, he said. Last year, the inland revenue department collected 44.3 million dollars, an increase of about 8.8 million over 1984, he said.

St. Luce said the increase in revenue would go towards helping government to repay debts to international agencies and governments. Giving insights into the government's economic development strategy, St. Luce said efforts would focus on attracting industries here which have a high potential for extra-regional exports. He said the administration will review the operations of statutory bodies with the view of divestment in some cases if necessary.

One bright spot in the economy was a significant increase in the level of savings by nationals over the last five years, he said. Quoting figures from the East Caribbean Central Bank (ECCB), he said total deposits had risen from 155.5 million dollars in 1980 to 332.3 million up to last September.

HAITIGOVERNMENT TO PROSECUTE HUMAN RIGHTS ABUSES

FL261830 Bridgetown CANA in English 1815 GMT 26 Feb 86

[By Bernd Debusmann]

[Excerpts] Port-au-Prince, Feb 26, CANA-REUTERS -- Haiti's new government, responding to intense public pressure, announced today it would prosecute officials involved in human rights abuses under the Duvalier dictatorship.

The announcement was read over local radio stations as scores of Haitians took justice into their own hands and looted the home of former Secret Police Chief Luc Desir, whose attempt to leave Haiti yesterday prompted violence at the airport. Troops used tear gas and fired into the air to disperse several hundred people who besieged the terminal to prevent Desir, a man with a reputation for exceptional brutality, leaving on an Air France flight.

A day earlier, former Police Chief Albert Pierre was allowed to leave Haiti for exile in Brazil, a decision that caused widespread anger and resentment here.

From now on, there will be no more departures (in such cases), a statement read by Justice Minister Gerard Gourgue said. He said the government would arrest and bring to justice Haitians suspected of crimes during 28 years of dictatorial rule by the Duvalier family. Under Francois Duvalier and his son Jean-Claude, Haiti won a reputation as one of the world's worst human rights violators. Both Pierre and Desir are said to have been personally involved in the torture and murder of prisoners.

Witnesses reported that shortly after dawn today, the first of a long procession of looters broke into the home of Desir, who was taken into protective custody after the airport violence, and began to systematically strip it.

Today's promise of action against Duvalier officials suspected of human rights abuses was an apparent reversal of policy by the military-civilian government council formed after Jean-Claude Duvalier fled the country on February 7. According to witnesses, both Desir and Pierre had military escorts to the airport. Officials at the airport said the government had been involved in chartering the Lear jet that took Pierre into exile. They (the council) apparently thought they could get rid of the problem of Duvalier aides who committed crimes by quietly shipping them out of the country, said a long-time foreign resident here. It didn't work.

The promise of action against Duvalier aides appeared to be aimed both at defusing public anger and avoiding the collapse of the government council in its present form.

NETHERLANDS ANTILLES

PRIME MINISTER ANNOUNCES AUSTERITY MEASURES

FL262020 Hilversum International Service in English 1030 GMT 26 Feb 86

[Text] Prime Minister Don Martina of the Dutch Antilles has announced a new package of austerity measures in order to cope with the region's serious financial problems. To bring about cutbacks in government spending the government wants to reduce the number of civil servants, and to increase revenue there'll be a rise in taxes on petrol, cigarettes, and luxury goods.

As was the case with the previous government, the Martina cabinet will not pay a cost of living increase or holiday benefits and subsidies and other benefits to trade and industries will be abolished. The cutbacks will be monitored by external experts of the Dutch (Huts Firm), the International Monetary Fund, and the World Bank.

Several weeks ago, the cabinet had already announced measures to cope with the budget deficit but, according to Premier Don Martina, additional drastic measures are needed.

HOYTE ADDRESS ON PLAYING FULL ROLE IN CARICOM

FL250228 Bridgetown CANA in English 1907 GMT 24 Feb 86

[Text] Georgetown, Guyana, Feb 24, CANA -- President Desmond Hoyte says his administration will embark on several initiatives this year aimed at playing a full role in the Caribbean Community (Caricom). Hoyte, in a radio address to mark Guyana's 17th anniversary as a Republic, referred to a recent trade mission that travelled throughout Caricom as one such initiative. He announced that effective March 15, Guyana would resume its subscription to the CARIBBEAN NEWS AGENCY (CANA) after a five-year break. We continue to be strong in our commitment to the integration movement and in our desire to play our part fully, he said.

Hoyte said the trade mission had produced extremely encouraging results for deepening cooperation with Caricom. I do believe that, notwithstanding the serious problems facing all member states of Caricom, there is still a great deal that we can do among ourselves, he said.

Guyana foreign policy remains firmly based on the principles of non-alignment, non-interference in the domestic affairs of others and a continuing desire for friendly relations with our neighbors with countries in the wider hemisphere and indeed in the world, he said. We continue to abhor the abominable ideology and practice of apartheid in southern Africa -- a system that condemns millions of human beings to a status of permanent inferiority and misery on the basis of the colour of their skin. We can, therefore, in the circumstances, have no relations with the government of South Africa, Hoyte said.

UNESCO'S MBOW MEETS WITH GOVERNMENT LEADERS

FL220118 Bridgetown CANA in English 2136 GMT 21 Feb 86

[Text] Georgetown, Guyana, Feb 21, CANA -- UNESCO's Director-General Amadou Mahtar Mbow has arrived here on a four-day visit. He has already paid courtesy calls on President Desmond Hoyte, Prime Minister Hamilton Green, Foreign Minister Rashleigh Jackson, and Vice-President Viola Burnham who is responsible for education and social development.

Mbow is scheduled to open Guyana's National Centre for Education Resources Development. The main objective of the centre is to provide specialized supportive services aimed at improving the efficiency of Guyana's national education system. Mbow is also due to pay a courtesy call on Caribbean Community Secretary-General Roderick Rainford.

AGREEMENTS WITH EEC TO AID INFRASTRUCTURE

FL251622 Bridgetown CANA in English 1546 GMT 25 Feb 86

[Text] Georgetown, Guyana, Feb 25, CANA -- The Government of Guyana is to receive a 74 million dollars (one Guy dollars; 24 U.S. cents) grant from the European Economic Community (EEC), official sources here said. Three agreements were signed here at the weekend following discussions between a visiting EEC team and local officials. A Finance Ministry official said some 90 per cent of the grant will be spent on economic infrastructure, particularly in the area of transportation, and water management. Some of the money will also be used for the development of forestry. A Finance Ministry official said the European Investment Bank (EIB) will consider as a matter of priority involvement in local economic infrastructure projects, where those projects meet the bank's criteria.